UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

DAVID HOPPAUGH, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. K12 INC., RONALD J. PACKARD, and HARRY T. HAWKS, Defendants.	)	Civ. A. No. 1:12-cv-00103-CMH-IDD

DECLARATION OF JONATHAN GARDNER IN SUPPORT OF LEAD PLAINTIFF'S UNOPPOSED MOTION FOR FINAL APPROVAL OF PROPOSED CLASS ACTION SETTLEMENT AND PLAN OF ALLOCATION AND LEAD COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS' FEES AND PAYMENT OF LITIGATION EXPENSES

JONATHAN GARDNER declares as follows, pursuant to 28 U.S.C. § 1746:

1. I am a member of Labaton Sucharow LLP ("Labaton Sucharow" or "Lead Counsel"), Court-appointed Lead Counsel for Arkansas Teacher Retirement System ("Lead Plaintiff" or "ATRS") and the Class[1] in the above-captioned class action (the "Litigation").[2] I have been actively involved in the prosecution of this case, am intimately familiar with its proceedings, and have personal knowledge of the matters set forth herein based upon my close supervision and participation in the Litigation.

2. I respectfully submit this declaration in support of Lead Plaintiff's unopposed motion, pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, for final approval of the settlement of this class action (the "Settlement") for $6,750,000 in cash (the "Settlement Amount"); approval of the plan of allocation for distribution of the net settlement proceeds (the "Plan of Allocation"); and approval of the Parties' Stipulation of Partial Voluntary Dismissal with Prejudice (ECF No. 135), so-ordered by the Court on March 11, 2013 (ECF No. 139).[3] I also submit this declaration in support of Lead Counsel's motion, pursuant to Rules 23(h) and 54(d)(2) of the Federal Rules of Civil Procedure, for an award of attorneys' fees and payment of counsel's expenses incurred during the prosecution of the Litigation.

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[1] Pursuant to the Parties' stipulation, on March 1, 2013 the Court certified the Litigation as a class action and appointed ATRS as class representative, Labaton Sucharow as class counsel, and Webster Book LLP as local class counsel. ECF No. 134.

[2] Capitalized terms not otherwise defined herein shall have the same meanings set forth in the Stipulation and Agreement of Settlement, dated March 4, 2013 (ECF No. 138-2, the "Stipulation").

[3] This declaration is submitted in support of a negotiated settlement and is, therefore, subject to Rule 408 of the Federal Rules of Evidence and inadmissible in any proceeding, other than in connection with this Settlement. In the event the Court does not approve the Settlement, this declaration and the statements contained herein and in any supporting memoranda are made without prejudice to Lead Plaintiff's position on the merits.

3. Both the Settlement and Lead Counsel's motion for an award of attorneys' fees and payment of litigation expenses have the support of Lead Plaintiff. *See* Declaration of George Hopkins, Executive Director of the Arkansas Teacher Retirement System, in Support of (I) Lead Plaintiff's Unopposed Motion for Final Approval of Class Action Settlement and Plan of Allocation and (II) Lead Counsel's Motion for an Award of Attorneys' Fees and Payment of Litigation Expenses ("Hopkins Decl.") annexed hereto as Exhibit 1.

I. THE SETTLEMENT BENEFITS TO THE CLASS

4. The Settlement, which the Court preliminarily approved in its March 22, 2013 Preliminary Approval Order Providing for Notice and Hearing in Connection With Proposed Class Action Settlement (ECF No. 141, the "Preliminary Approval Order"), provides for the gross payment of $6,750,000 to secure a settlement of the claims remaining in the Litigation against Defendants K12, Inc. ("K12" or the "Company"), its Chief Executive Officer Ronald J. Packard ("Packard"), and its Chief Financial Officer, Harry T. Hawks ("Hawks").[4] If approved, the Settlement will finally resolve Lead Plaintiff's allegations against the Defendants and release all claims (and related claims) against them in the Litigation.

5. The Defendants have not admitted liability or any wrongdoing as part of the Settlement, and they vigorously maintain that they are not liable to the Class.

[4] On March 11, 2013, the Court entered the Parties' Stipulation of Partial Voluntary Dismissal with Prejudice of the claims that Defendants failed to disclose (1) the poor academic performance of K12 schools relative to brick and mortar public schools; (2) the quality of education at K12 schools was negatively affected by high student-teacher ratios and unqualified teachers; (3) that K12's special education programs did not comply with federal and state requirements; and (4) high parent/student dissatisfaction (collectively, the "non-churn related claims"). ECF No. 139. The Settlement resolves all remaining claims in the Litigation, which center on Defendants' alleged failure adequately to disclose high student churn rates at K12-managed virtual public schools.

6. All eligible Class Members who timely submit valid Proofs of Claim will receive a distribution from the Net Settlement Fund, which is the Settlement Fund, plus any accrued interest, minus administration expenses, Lead Counsel's fees and expenses approved by the Court, and any taxes incurred on the interest income earned by the Settlement Fund. The Court will be asked to approve the distribution of the Net Settlement Fund at a future date, once the administration is completed.

7. The Settlement provides an immediate and substantial recovery to K12's investors, who faced a significant risk of no recovery at all. Given the complexities of the issues involved in the Litigation, including the calculation of churn rates, the facts regarding student enrollment, withdrawal, and re-enrollments, Lead Plaintiff's entitlement to recovery would be correspondingly uncertain. Moreover, there is considerable dispute between the Parties over whether the Company had a duty to disclose churn rates; whether and/or to what extent the alleged disclosures were corrective, in light of several preceding media reports; and whether the Company had disclosed sufficient information such that a reasonable investor would have been able to calculate K12's high churn rates. Indeed, these disputes have resulted in the submission of reports from five different experts. Further proceedings before the Court would also require considerable additional judicial resources, time, and expense. Given these and other difficulties that the Class faced in pursuing the claims against Defendants, the Settlement provides an excellent guaranteed recovery.

8. The Settlement was reached only after extensive investigative efforts by Lead Counsel. Lead Counsel identified 183 potential witnesses, contacted 113 potential witnesses and interviewed approximately 50 witnesses. Lead Counsel also conducted a thorough review of publicly available information, prepared and filed a detailed Amended Complaint, and

researched and prepared Lead Plaintiff's opposition to Defendants' motion to dismiss. Lead Counsel also: (1) served initial disclosures, requests for production of documents, interrogatories, requests for admissions, and third party subpoenas; (2) reviewed and analyzed the Company's filings with the Securities and Exchange Commission (the "SEC"), securities analysts' reports, public statements by Defendants, media reports about Defendants, and court records; (3) engaged in regular and frequent meet and confer sessions with Defendants' Counsel regarding the scope of discovery throughout the discovery period; (4) briefed and submitted several discovery motions for resolution by the Court; (5) reviewed more than one million pages of documents produced by Defendants and third-parties; (6) reviewed four expert reports submitted by Defendants; (7) prepared and submitted two expert reports, and prepared rebuttal expert reports in response to Defendants' expert submissions; (8) took multiple depositions and prepared to take additional fact and expert depositions; and (9) extensively analyzed the claims and defenses in the Litigation (with the assistance of experienced experts in assessing damages and loss causation issues in securities class action cases, and experts in the education field) and the various risks attendant to continued litigation. These efforts provided Lead Plaintiff with a clear understanding of the strengths and weaknesses of its claims before it entered into the Settlement.

9. The negotiations leading up to the Settlement were also hard-fought. Efforts to settle the claims included a full day of mediation before the Honorable Daniel H. Weinstein (Ret.) ("Judge Weinstein") on January 8, 2013. In advance of the January 8, 2013 mediation ("January 8 mediation") both sides submitted and exchanged lengthy mediation briefs outlining their respective analyses of the claims and defenses, and a joint set of 47 exhibits in support. The January 8 mediation laid a foundation for future settlement talks, through discussions with Judge

Weinstein and direct negotiations between counsel for the Parties, that resumed on January 31, 2013 and culminated in an oral agreement to a settlement framework on February 1, 2013.

10. Judge Weinstein served as a Judge of the Superior Court of the State of California, County of San Francisco, from 1982 through 1988. Judge Weinstein also served as an Associate Justice Pro Tem of the California Supreme Court and of the First District Court of Appeal. Since retiring from the bench, Judge Weinstein has been a full-time mediator, and is one of the most experienced and respected mediators in the United States. Judge Weinstein has mediated dozens of federal securities class actions involving such public companies as Enron, Qwest, Adelphia, New Century, Broadcom, Aviva, Marsh & McLennan, PIMCO, and other corporations listed on the New York Stock Exchange and NASDAQ.

11. Based on this declaration and for the reasons set forth in the accompanying memoranda,[5] Lead Plaintiff respectfully submits that the terms of the Settlement and Plan of Allocation are fair, reasonable and adequate and should be approved. In addition, Lead Counsel respectfully submits that its request for attorneys' fees and expenses is warranted and should be awarded in full.

II. THE COURT'S PRELIMINARY APPROVAL ORDER AND LEAD PLAINTIFF'S DISSEMINATION OF PRE-HEARING NOTICES

12. Lead Plaintiff moved for preliminary approval of the Settlement on March 4, 2013. ECF No. 138. On March 22, 2013, the Court issued its Preliminary Approval Order (ECF No. 141) annexed hereto as Exhibit 2. In the Preliminary Approval Order, the Court, among other things:

[5] Also submitted herewith are: (1) Memorandum of Law in Support of Lead Plaintiff's Unopposed Motion for Final Approval of Class Action Settlement and Plan of Allocation; and (2) Memorandum of Law in Support of Lead Counsel's Motion for an Award of Attorneys' Fees and Payment of Litigation Expenses and Lead Plaintiff's Request for Reimbursement of Expenses.

(a) granted preliminary approval to the Settlement as sufficiently fair, reasonable and adequate to warrant dissemination of notice to the Class;

(b) scheduled a hearing (the "Settlement Hearing") for July 19, 2013 at 10:00 a.m. to determine whether (1) the proposed Settlement of the Litigation on the terms and conditions provided for in the Stipulation is fair, reasonable and adequate, and should be granted final approval by the Court; (2) the proposed Final Order and Judgment as provided under the Stipulation should be entered, and whether the release by the Class of the Released Claims, as set forth in the Stipulation, should be provided to the Released Defendant Parties; (3) the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved; and (4) Lead Counsel's application for attorneys' fees and expenses should be granted;

(c) approved the form, substance and requirements of the Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses ("Notice"), Summary Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses ("Summary Notice") and the Proof of Claim and Release form ("Proof of Claim") and approved the plan for mailing and distribution of the Notice and publishing of the Summary Notice;

(f) appointed GCG, Inc. ("GCG") to administer the notice program and Settlement, under the supervision of Lead Counsel; and

(g) established procedures and deadlines for providing notice to the Class and for Class Members to exclude themselves from the Class or to object to the Settlement, Plan of Allocation, and/or the application for attorneys' fees and reimbursement of expenses.

13. Annexed hereto as Exhibit 3 is the Claims Administrator's Affidavit Regarding (A) Mailing of the Notice and Proof of Claim; (B) Publication of the Summary Notice; (C) Website and Telephone Hotline; and (D) Requests for Exclusion (the "GCG Affidavit."), dated May 16, 2013. Pursuant to the Preliminary Approval Order, and under Lead Counsel's supervision, GCG has mailed 27,111 copies of the Notice and Proof of Claim to all potential Class Members who could be reasonably identified, and to known brokers/nominees. *Id*. ¶¶3-6. In further compliance with the Preliminary Approval Order, GCG caused the Summary Notice to

be timely published in *Investor's Business Daily* and transmitted over *PR Newswire*. *Id*. ¶7. GCG and Lead Counsel also made the Notice and Proof of Claim readily available at www.gcginc.com/cases/K12 and www.labaton.com, respectively.

14. The Notice describes, *inter alia*, the claims asserted in the Litigation, the Parties' contentions, the course of the Litigation, the Settlement's terms, the Plan of Allocation, and Class Members' right to object to the Settlement or to seek exclusion from the Class. Ex. 3-A.[6] The Notice provides the deadlines for objecting to the Settlement or seeking exclusion from the Class, and advises potential Class Members of the scheduled Settlement Hearing. *Id*. The Notice also notifies Class Members that aggregate attorneys' fees requested by Lead Counsel will not exceed 25% of the Settlement Fund and aggregate litigation expenses will not exceed $600,000, with interest earned on both amounts at a rate equal to the interest earned by the Settlement Fund. *Id*.

15. Although the dates for objecting to the Settlement and seeking exclusion from the Class have not yet passed, there have been no requests for exclusion from the Class and no objections have been received.[7] Following the June 10, 2013 deadline for exclusions and objections, Lead Plaintiff will report on any exclusions and objections in its reply papers.

[6] Citations to exhibits that also attach internal sub-exhibits will be referenced as "Ex. ___-___." The first numerical reference refers to the designation of the entire exhibit attached hereto and the second reference refers to the exhibit designation within the exhibit itself.

[7] Pursuant to the Court's Preliminary Approval Order and as set forth in the Notice, requests for exclusion must be mailed to GCG and received no later than June 10, 2013 and objections must be mailed or delivered to the Court and counsel for the Parties such that they are received no later than June 10, 2013.

III. SUMMARY OF ALLEGATIONS AND CLAIMS

A. The Parties

16. The proposed Settlement resolves claims against the Defendants and their related parties brought on behalf of purchasers of K12's publicly traded common stock between September 9, 2009 and December 12, 2011, inclusive (the "Class Period"), for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act").

17. Lead Plaintiff is an institutional investor that provides retirement, disability, and survivor benefits to the thousands of current and former employees of the Arkansas education community. *See* Ex. 1 ¶1. Arkansas manages more than $12 billion in assets held in trust. *Id*. Lead Plaintiff purchased more than 199,000 shares of K12's common stock during the Class Period at allegedly artificially inflated prices and suffered losses exceeding $1.2 million as a result of Defendants' alleged violations of the securities laws. *Id*.

18. Defendant K12 is a technology-based education company incorporated in Delaware, with corporate headquarters located at 2300 Corporate Park Drive, Herndon, Virginia 20171. The Company offers proprietary curriculum, software systems and educational services marketed to students in kindergarten through 12th grade. The Company combines curriculum with an individualized learning approach suited for virtual public schools, hybrid schools, school district online programs, public charter schools and private schools that utilize varying degrees of online and traditional classroom instruction, and other educational applications. K12's common stock, at all times relevant here, traded on the NYSE under the ticker symbol "LRN." ¶26.[8]

19. Packard is and was at all relevant times the Company's Chief Executive Officer and a Director on the Company's board. ¶27.

[8] All references to "¶__" are to paragraphs in the Amended Complaint.

20. Hawks has been the Company's Executive Vice President and Chief Financial Officer since May 2010. ¶28.

B. The Alleged Conduct

21. On June 22, 2012, Lead Plaintiff filed the Amended Complaint (ECF No. 51) alleging violations of the Exchange Act including, *inter alia*, allegedly material misstatements and omissions regarding the student churn rate at K12 managed schools during the Class Period.

22. Specifically, the Amended Complaint alleges, in addition to the non-churn related claims described *supra*, n.4, that Defendants recklessly failed to disclose high churn rates at K12 managed schools during the Class Period, rendering the Company's reported enrollment figures and Defendants' statements regarding student retention false and misleading.[9] *See, e.g.,* ¶¶122, 123-25, 131-32.

23. K12 is a for-profit education company whose core business is managing and operating virtual public schools for grades K-12, which students "attend" by logging in, from home, to online classes and lessons in a "virtual" classroom. During the Class Period, K12 derived the vast majority of its revenues – almost 90% – from managing virtual schools. ¶¶2, 3, 36. These revenues depended directly on student enrollment. Nationwide, the average student funding available for virtual schools is approximately $5,500 per student, with some states paying substantially more. ¶42. K12 received funds from states based on how long a student remained enrolled during the school year. ¶43. As K12 informed investors in its Class Period SEC filings, "[t]he success of our business depends on a family's decision to have their child continue his or her education in a virtual public school that we serve." 2010 10-K at 36.

[9] Because the Parties have stipulated to the voluntary dismissal of the Amended Complaint's non-churn related claims, which the Court entered on March 11, 2013 (ECF No. 139), this declaration details only the remaining churn claims resolved by the Settlement.

24. The Amended Complaint alleges that enrollment and revenue figures were the key metrics in K12's financial reports, and Defendants would routinely tie revenues to enrollment in statements such as "our revenues for the second quarter were $93.2 million, an increase of 20% over the second quarter of last year. This was primarily driven by a 22.3% increase in enrollments." ¶45. Reflecting the importance of enrollments and student retention, K12 stated in its SEC filings that the Company "continually evaluate[s] our enrollment levels by state, by school and by grade. We track new student enrollments and withdrawals throughout the year." ¶44. The Amended Complaint alleges that K12, however, did not report withdrawals over the course of a school year, instead only reporting the aggregate enrollment levels across all its schools at the beginning and end of the school year and, for quarterly periods, average month-end enrollment levels. *Id*. Because these figures included students who withdrew but were then replaced the same year by different students, the Amended Complaint alleges that K12's SEC filings did not reveal withdrawal rates, or "churn," and thus did not reveal "retention," or K12's ability to keep the same students enrolled through the school year and re-enroll them the following year.

25. The Amended Complaint alleges that throughout the Class Period, K12 concealed from the market that its schools were suffering from high withdrawal rates (¶¶54, 55), and details how the Company instead masked its inability to retain students by aggressively recruiting other students to replace those that had withdrawn. ¶¶47-52, 54-57. Increasingly, the Company was forced to recruit "last resort" students from inner city areas and at-risk populations that were ill-suited to K12's individualized learning program (originally designed for gifted students), resulting in yet more withdrawals, in a vicious cycle. ¶¶60-63.

26. The Amended Complaint alleges that Defendants' failure to disclose the high withdrawals was materially misleading, because it led to the false portrayal that the Company's Class Period enrollment figures, and accordingly, its revenues – were stable, and that the Company could continue to attract and retain students, thus generating continued cash flow. ¶122. That Defendants were able to some extent to replace students who withdrew with new students did not cure the omission of the extant risk to K12's source of revenues – families deciding to withdraw or not enroll – during the Class Period. This risk was exacerbated by K12's recruitment of an increasing number of students ill-suited to individualized online learning to replenish enrollments – *i.e.*, students that were more likely to drop out before year end. ¶¶60-62. By failing to disclose and/or account for this risk in K12's reported figures, Defendants' Class Period revenues were materially misleading. The Amended Complaint alleges that Packard's statements that K12 knew how to "recruit and retain students" (¶131) and that retention rates were "consistent" (¶¶123, 134) were similarly misleading.

27. The Amended Complaint alleges that SEC filings signed by both Packard (as CEO) and Hawks (as CFO) acknowledge that managing online virtual public schools was K12's core business, comprising almost 90% of its revenues during the Class Period, that K12's revenues depended on enrollments, and that the Company tracked new student enrollments and withdrawals throughout the year. ¶¶3, 44. Packard also repeatedly stated that managing virtual schools was K12's core business (¶¶3, 36, 152), and further acknowledged on November 16, 2011 that "[w]e track churn immensely [and] we view the retention of the kids as one of the best metrics of what we…are able to do [but] [w]e don't disclose it." ¶185. The Amended Complaint further alleges that former K12 employees spanning several geographical areas and occupations, including teachers, administrators, and corporate officials, corroborated and

confirmed that K12 was struggling with retention, and that K12 implemented a "Retention Task Force" during the Class Period. ¶59.

28. The Amended Complaint alleges that accordingly, Defendants either knew, or were severely reckless in not knowing, that K12 schools had high withdrawal rates and were increasingly unable to retain students through the year. The Amended Complaint further alleges that Packard adopted a stock trading plan only after the Class Period began and sold at least 40% of his holdings at artificially inflated prices. ¶194.

29. Defendants deny all liability and any alleged wrongdoing.

C. The Truth Regarding Churn Rates Is Allegedly Disclosed

30. The Amended Complaint alleges that the truth regarding churn rates allegedly began to be disclosed at the November 16, 2011 Citi U.S. Small and Mid Cap investor conference, during which Packard admitted that K12 closely tracked churn and that only "about 60%" of K12 students remained with K12 after one year. ¶185. On this news, K12's stock price sank 2.15% on unusually heavy trading volume, with 481,900 shares traded compared with an average daily Class Period volume of 221,082 shares. ¶186.

31. The Amended Complaint alleges that on December 13, 2011 a *New York Times* article entitled "Profits and Questions at Online Charter Schools" revealed, among other things, that K12's schools had excessive rates of churn. ¶189. K12's stock price plummeted 23.6% on unusually heavy trading volume on the news, with 4,812,000 shares traded compared with an average daily Class Period volume of 221,082 shares. As the market continued to digest the disclosure, K12's stock price sank another 4.14% on December 14, 2011 and a further 1.71% on December 15, 2011. ¶190.

IV. PROCEDURAL HISTORY OF THE LITIGATION

32. On January 30, 2012, David Hoppaugh commenced this action by filing a class

action complaint against Defendants in the United States District Court for the Eastern District of Virginia, captioned: *David Hoppaugh, Individually and On Behalf of all Others Similarly Situated v. K12 Inc., Ronald J. Packard and Harry T. Hawks*, 1:12-cv-00103-CMH-IDD. The complaint asserted claims for violations of the federal securities laws on behalf of a purported class of investors who had bought K12 common stock.

33. On May 18, 2012, the Court appointed ATRS as Lead Plaintiff and Labaton Sucharow as Lead Counsel for the putative class. ECF No. 47. Lead Plaintiff filed the Amended Complaint on June 22, 2012 (ECF No. 51), asserting claims under Sections 10(b) and 20(a) of the Exchange Act on behalf of all purchasers of K12 publicly traded common stock during the Class Period. On July 20, 2012, Defendants moved to dismiss the Amended Complaint (ECF No. 54) and on August 10, 2012, Lead Plaintiff opposed the motion (ECF No. 58). On September 18, 2012, the Court entered a Memorandum Opinion denying Defendants' motion to dismiss (ECF No. 60) and on October 2, 2012, each Defendant filed an Answer to the Amended Complaint (ECF Nos. 61, 62, 63).

34. On October 19, 2012, the Court entered a Scheduling Order (ECF No. 64) setting, among other things, the Initial Pretrial Conference for October 31, 2012 before Magistrate Judge Ivan D. Davis and a discovery cut-off of February 15, 2013. On November 8, 2012, Defendants commenced the production of documents.

35. Commencing on October 25, 2012, the Parties served discovery requests and responses to discovery requests, including initial disclosures, requests for production of documents, interrogatories, requests for admission, and third party subpoenas; conducted numerous meet and confer discussions to resolve disputes over the scope of document discovery; and submitted several discovery motions for resolution by the Court (*see* ECF Nos. 85, 90, 104).

36. The Parties filed a Stipulation Regarding Numerosity and Market Efficiency Requirements for Class Certification on November 14, 2012. ECF No. 83. On December 28, 2012, the Parties filed a Stipulation and Proposed Order Regarding Class Certification that the Court subsequently entered on March 1, 2013, pursuant to which ATRS was appointed class representative, Labaton Sucharow class counsel, and Webster Book local class counsel. ECF No. 113.

37. On January 8, 2013, the Parties met with Judge Weinstein, a highly experienced, neutral mediator, who presided over a mediation between the Parties at the JAMS New York Resolution Center. The mediation was part of an effort to explore possibilities for settlement. In advance of the January 8 mediation, both sides submitted and exchanged lengthy mediation briefs outlining their respective analyses of the claims and defenses, and a joint set of 47 exhibits. An agreement to settle was not reached at this time, however a foundation was laid for future discussion.

38. On January 31, 2013, settlement negotiations resumed through discussions with Judge Weinstein and direct negotiations between counsel for the Parties. On February 1, 2013, the Parties reached an oral agreement regarding a settlement framework. At a status conference before the Court on February 7, 2013, the Parties requested a two week continuance of the discovery cutoff. The same day, the Court suspended the February 15, 2013 discovery deadline and continued the Litigation for two weeks, until February 22, 2013. The Court granted a further two week continuance on February 22, 2013, to March 8, 2013.

39. On March 4, 2013 Lead Plaintiff filed its Unopposed Motion for Preliminary Approval of Class Action Settlement. ECF No. 136. Also on March 4, 2013, the Parties filed a Stipulation of Partial Voluntary Dismissal with Prejudice that the Court subsequently entered on

March 11, 2013 (ECF No. 135), dismissing the non-churn related claims alleged against Defendants.

40. The Court issued an order preliminarily approving the proposed class action Settlement and providing for notice and hearing in connection therewith on March 22, 2013.

V. INVESTIGATION AND DISCOVERY

41. The Parties negotiated the Settlement on an informed basis and with a thorough understanding of the merits and value of the Parties' claims and defenses.

42. Lead Plaintiff, through its counsel, conducted an extensive investigation of the claims asserted in the Litigation. The investigation began with a review of all relevant public information, including K12 press releases, public statements, filings with the SEC, regulatory filings and reports, as well as securities analysts' reports, advisories and media reports about the Company.

43. Lead Counsel also expended significant time and effort identifying and interviewing potential witnesses. Lead Counsel identified 183 potential witnesses, contacted 113, and was able to interview approximately 50 individuals. These interviews provided valuable information that further supported Lead Plaintiff's allegations and helped Lead Counsel to fully understand the relevant facts.

44. Lead Counsel has diligently litigated Lead Plaintiff's claims since the case's inception. This process included: (1) preparing the Amended Complaint and successfully opposing Defendants' motion to dismiss; (2) serving initial disclosures, requests for production of documents, interrogatories, requests for admissions, and third party subpoenas; (3) reviewing and analyzing the Company's filings with the SEC, securities analysts' reports, public statements by Defendants, media reports about Defendants, and court records; (4) engaging in regular and frequent meet and confer sessions with Defendants' Counsel regarding the scope of discovery

throughout the discovery period; (5) preparing and submitting several discovery motions for resolution by the Court (ECF Nos. 85, 90, 104); (6) reviewing more than one million pages of documents produced by Defendants and third-parties; (7) reviewing four expert reports submitted by Defendants; (8); preparing and submitting two reports from experts in damages and loss causation and in education; (9) the Parties taking fourteen depositions and preparing to take additional fact and expert depositions; (10) preparing and serving a motion for class certification and negotiating the stipulation for class certification (ECF No. 83); (11) extensive analysis of the claims and defenses (with the assistance of experienced experts in assessing damages and loss causation issues in securities class action cases, and experts in the education field) and the various risks attendant to continued litigation; and (12) preparing Lead Plaintiff's mediation statement and exhibits for the January 8 mediation.

45. To review, organize and analyze the vast amount of information produced as a result of their discovery efforts within the relatively short amount of time prescribed by the discovery schedule, Lead Counsel dedicated extraordinary internal resources and technology. The documents produced were placed in an electronic database that was created and maintained at Lead Counsel's office through the efforts of Lead Counsel's in-house litigation support and technology experts, permitting 'Boolean' type searches as well as searches by other categories such as by author and/or recipients, type of document (*i.e.*, emails, spreadsheets, memoranda, accounting documents), date, producing party, *etc*. This technology enabled Lead Counsel to conduct targeted searches for relevant information and to efficiently prepare the best evidence for depositions and trial.

46. With the benefit of this thorough investigation and full legal analyses of the Parties' claims and defenses, Lead Plaintiff (as advised by Lead Counsel) has concluded that the Settlement is in all respects fair, adequate, reasonable and in the best interests of the Class.

VI. SETTLEMENT PROCESS

47. Lead Plaintiff and Defendants participated in formal, arm's-length settlement negotiations during a mediation session on January 8, 2013 before a highly regarded and experienced mediator, Judge Weinstein. Prior to the mediation session, the Parties exchanged lengthy mediation briefs detailing the respective strengths of their positions and jointly submitted 47 exhibits. An agreement to settle was not reached at the January 8 mediation. Discovery remained ongoing, including the exchange of expert reports and depositions of fact witnesses.

48. On January 31, 2013, settlement negotiations resumed through discussions with Judge Weinstein and direct negotiations between counsel for the Parties. On February 1, 2013, the Parties reached an oral agreement regarding a settlement framework, contingent on, *inter alia*, board approval. Further negotiations resulted in an agreement to resolve all claims, which was memorialized in the formal Stipulation.

49. The negotiations were well-informed by extensive and ongoing discovery, the Parties' submission and exchange of detailed mediation statements expressing their respective views, and frank discussions about the merits and limitations of the claims. Lead Plaintiff's perspective was honed through Lead Counsel's extensive investigation and discovery efforts, described in Section V., *supra*.

50. Throughout the settlement negotiations, the strengths and weaknesses of the Parties' respective claims and defenses were fully explored among the Parties and separately with Judge Weinstein. At the January 8 mediation and during subsequent negotiations, the

Parties exchanged information regarding the merits of the claims and damages in the Litigation, incorporating information learned during ongoing discovery.

51. This foundation enabled Lead Plaintiff and Lead Counsel to thoroughly evaluate the strengths and weaknesses of the Class's claims and the risks of continued litigation. Accordingly, Lead Plaintiff entered into the Settlement on a fully-informed basis.

VII. ASSESSMENT OF STRENGTHS AND WEAKNESSES OF THE CLAIMS

52. In deciding to enter into the Settlement, Lead Plaintiff and Lead Counsel considered, *inter alia*, (1) the substantial immediate benefit to Class Members; (2) the expense of remaining fact and expert discovery; (3) Defendants' anticipated motion for summary judgment at the close of discovery, which would lead to a "battle of the experts" on the calculation of churn rates, as well as on damages and loss causation, given Defendants' position that the truth regarding churn rates was disclosed to the market prior to the alleged disclosure date; (4) the risk of prevailing through summary judgment; (5) the risks and expense of continuing to litigate the settled claims, assuming the case proceeded to trial; (6) the inherent delays in such litigation, including potential appeals; and (7) the risks of presenting a complex, fact-intensive case to a jury.

A. Defendants' Motion to Dismiss the FAC

1. The Parties' Arguments

53. In their motion to dismiss, Defendants argued with respect to the churn allegations that (1) facts regarding K12's churn rates were disclosed in various news publications prior to the alleged corrective disclosure dates, and therefore that the allegedly omitted facts regarding churn rates were not material; (2) Defendants had no duty to disclose K12's retention rates or enrollment practices because their statements regarding K12's revenues and enrollments were factually accurate; and (3) Lead Plaintiff had failed to plead the requisite strong inference

of scienter, because no confidential witnesses had contact with Packard or Hawks, and because neither Packard nor Hawks benefited from or had the motive to commit fraud. *See* ECF No. 55.

54. Lead Plaintiff challenged each of these arguments in its opposition, filed on August 10, 2012. Lead Plaintiff argued that Defendants' failure to disclose high withdrawal rates at K12 schools was a material omission directly connected to K12's ability to generate revenues. Lead Plaintiff further argued that: (1) Defendants could not rely on an improperly fact-intensive, truth-on-the-market defense to materiality and loss causation at the motion to dismiss stage of the litigation; and (2) the articles that Defendants claimed disclosed the alleged omissions to the market were limited in scope and concentrated on only one state or school, contained management rebuttal that countered negative reports, and did not affect K12's stock price. Accordingly, Lead Plaintiff argued it was impossible to conclude as a matter of law that the news articles Defendants cited conveyed the truth to the market with sufficient credibility or intensity to counterbalance Defendants' alleged repeated misstatements. Lead Plaintiff noted that in contrast, K12's stock price dropped significantly following the alleged disclosure in *The New York Times*.

55. Lead Plaintiff also argued that the Amended Complaint raised a sufficiently strong inference of scienter for each Defendant. Specifically, Lead Plaintiff argued that SEC filings signed by both Packard and Hawks acknowledged that managing online virtual public schools was K12's core business, comprising almost 90% of its revenues during the Class Period, that K12's revenues depended on enrollments, and that the Company tracked new student enrollments and withdrawals throughout the year. Thus, Defendants either knew, or were severely reckless in not knowing, that K12 schools had high withdrawal rates and were increasingly unable to retain students through the year. Lead Plaintiff further argued that former

K12 employees spanning several geographical areas and occupations, including teachers, administrators, and corporate officials, corroborated and confirmed that K12 was struggling with retention, and had implemented a Retention Task Force at its schools. With regard to Packard, Lead Plaintiff argued that he adopted a stock trading plan only after the Class Period began and sold at least 40% of his holdings at artificially inflated prices, bolstering a strong inference of his scienter.

56. The Court rejected Defendants' arguments in ruling that the Amended Complaint stated a claim upon which relief could be granted. *See* ECF No. 60.

B. Risks of Establishing Liability

57. During the 17 weeks of discovery, Lead Plaintiff deposed 14 fact witnesses and exchanged industry and loss causation expert reports with Defendants. Although Lead Plaintiff uncovered compelling evidence in support of its churn related claims, such as internal presentations and emails that discussed high churn rates and the effect those churn rates had on K12's revenues, Defendants' experts opined that K12 had disclosed sufficient information to enable a reasonable investor to calculate high churn rates during the Class Period, and that any alleged omissions regarding particular churn rates were therefore immaterial.

58. Assuming the Court did not agree with Defendants and refused to find as a matter of law on summary judgment that the alleged misstatements were immaterial, Lead Plaintiff still faced significant risks in proving to a fact finder that the alleged misstatements and omissions regarding churn rates and student retention were material. Specifically, Lead Plaintiff faced a "battle of the experts" regarding complex calculations of churn rates from student enrollment figures disclosed by K12. The theme being developed by Defendants that K12 had disclosed sufficient information to enable churn rate calculations such that it had no further duty to disclose particular churn rates, and that internal documents expressing concern about churn rates

reflected normal business concerns and not fraudulent intent, could have traction with a jury. A jury could thus conclude that Defendants' misstatements were immaterial, that internal documents did not support intentional misconduct, and award no damages.

C. Risk of Establishing Damages

59. Lead Plaintiff's loss causation and damages expert estimated that class-wide damages in the Litigation, assuming 100% of the stock drop on both alleged corrective disclosure dates are entirely attributable to correction of the alleged fraud, are approximately $100 million. Thus, the $6.75 million gross settlement represents 6.75 percent of the total estimated damages amount.

60. However, Lead Plaintiff faced significant risks establishing that Defendants' alleged misstatements and omissions caused damages to the Class. The Court could find as a matter of law that, as Defendants' expert opined, the drop in K12's stock price following Packard's acknowledgement on November 16, 2011 that K12 only retained 60% of its students per year was not statistically significant, and that Lead Plaintiff's expert erred in including the stock drop on the following day, November 17, 2011.

61. Similarly, the Court could find as a matter of law that, as Defendants' expert opined, the drop in K12's stock price following *The New York Times* disclosure reflected only a negative characterization of previously disclosed information, and was not a reaction to new information regarding K12's churn rates. Even if the Court did not find for Defendants on summary judgment, Lead Plaintiff would face significant obstacles proving specific damages to a jury, taking into account significant negative press regarding K12 and its student retention problems prior to the alleged disclosure of the truth. Moreover, Lead Plaintiff would have to explain to a jury, *inter alia*, how various statements affected the market – a significant challenge

in a complex case like this one. Thus, the Settlement avoids the substantial risks that the Class could recover less, or nothing at all, from the Defendants in a jury trial.

VIII. REACTION OF THE CLASS

62. The Notice provides that objections to the Settlement, Plan of Allocation, and/or the application for attorneys' fees and payment of litigation expenses must be mailed or delivered to the Court and counsel for the Parties such that they are received no later than June 10, 2013. Similarly, requests for exclusion from the Class must be submitted to the Claims Administrator such that they are received no later than June 10, 2013. Although 27,111 Notices have been disseminated to potential Class Members, to date no objections and no exclusion requests have been received. *See* Ex. 3 ¶¶6, 10.

63. If any objections or requests for exclusion are received after this declaration is submitted, they will be addressed in Lead Plaintiff's reply papers.

IX. PLAN OF ALLOCATION

64. Pursuant to the Preliminary Approval Order, and as explained in the Notice, all Class Members who wish to participate in the Settlement must submit a Proof of Claim to the Claims Administrator, no later than August 3, 2013.

65. As set forth in the Notice, all eligible Class Members who timely submit valid Proofs of Claim will receive a distribution from the Net Settlement Fund, which is the Settlement Fund after deduction of administration expenses, Lead Counsel's fees and expenses approved by the Court, and any taxes incurred on the interest income earned by the Settlement Fund. The distribution of the Net Settlement Fund will be made upon court-approval and pursuant to the Plan of Allocation, set forth and described in detail in the Notice. *See* Ex. 3-A at 8-12. The Plan of Allocation was developed with the assistance of Lead Plaintiff's consulting damages expert.

66. The Plan of Allocation reflects an assessment, supported by Lead Plaintiff's consulting damages expert's analyses of K12 share prices, of the impact of the alleged corrective disclosures on K12 share prices.[10] The computation of the "Recognized Loss" per share in the plan reflects price changes of K12 common stock in reaction to certain public announcements regarding K12, adjusting for price changes that were attributable to market and industry influences, or other Company information unrelated to the alleged fraud, based on Lead Plaintiff's churn rate allegations in the Amended Complaint.

67. The Plan of Allocation distributes the recovery according to when Class Members purchased, acquired and/or sold their shares of K12 common stock. Specifically, a claimant must have either purchased K12 common stock (a) during the Class Period prior to the close of trading on November 16, 2011 (the date of the first corrective disclosure) and held until at least until the close of trading on November 16, 2011, or (b) purchased on or after November 17, 2011 and held until at least the close of trading on December 12, 2011 (the day before the second and final corrective disclosure), consistent with *Dura Pharms. Inc. v. Broudo*, 544 U.S. 336 (2005). Authorized Claimants can not recover more than their out-of-pocket loss.

68. To date, there have been no objections to the Plan of Allocation and Lead Plaintiff and Lead Counsel respectfully submit that the Plan of Allocation is fair and reasonable, and should be approved.

X. THE BASIS OF LEAD COUNSEL'S APPLICATION FOR ATTORNEYS' FEES AND PAYMENT OF LITIGATION EXPENSES, INCLUDING REIMBURSEMENT OF LEAD PLAINTIFF'S EXPENSES

69. The work undertaken by Lead Counsel in prosecuting the Litigation and arriving at the Settlement has been time-consuming and challenging. Lead Counsel has represented the

[10] Defendants had no input into the Plan of Allocation.

Class on a wholly contingent basis since the commencement of the Litigation, including most of the scheduled discovery period. To date, Lead Counsel has not been paid any fees or expenses for its efforts in achieving the Settlement.

70. The Notice informs Class Members that Lead Counsel will apply for attorneys' fees of no more than 25% of the Settlement Fund, plus interest at the same rate earned by the Settlement Fund, and for reimbursement of litigation expenses of no more than $600,000, plus interest at the same rate earned by the Settlement Fund.

71. Lead Counsel, on behalf of all plaintiffs' counsel that performed services for the Class at Lead Counsel's direction, now requests a fee of 25% of the Settlement Fund, or $1,687,500, plus accrued interest, and expenses in the amount of $519,174.98, plus interest. Based on the result achieved for the Class, the extent and quality of the work performed, the risks of the Litigation and the contingent nature of the representation, Lead Counsel submits that a 25% fee for the $6.75 million recovered is justified and should be approved. Likewise, Lead Counsel submits that reimbursement of expenses of $519,174.98 is warranted.

72. As evidenced by the fee declarations submitted by plaintiffs' counsel, over 17,000 hours have been expended in the prosecution of the claims, from the inception of the case through April 30, 2013. *See* Declarations of plaintiffs' counsel, annexed hereto as Exhibits 4-6; Summary Table of Lodestars and Expenses, annexed hereto as Exhibit 7.

73. This includes time spent, *inter alia*: (1) seeking appointment as lead plaintiff; (2) investigating the claims alleged in the Amended Complaint, including identifying, locating and interviewing potential witnesses; (3) preparing and filing the Amended Complaint; (4) researching and drafting Lead Plaintiff's opposition to Defendants' motions to dismiss the Amended Complaint; (5) serving initial disclosures, requests for production of documents,

interrogatories, requests for admissions, and third party subpoenas; (6) engaging in regular and frequent meet and confer sessions with Defendants' Counsel regarding the scope of discovery throughout the discovery period and litigating several discovery motions submitted to the Court; (7) reviewing more than one million pages of documents produced by Defendants and third-parties; (8) preparing and serving a motion for class certification that ultimately resulted in the Defendants stipulating to class certification; (9) reviewing four expert reports submitted by Defendants and preparing two expert reports for Lead Plaintiff; (10) taking several fact depositions and preparing to take expert depositions; (11) consulting with an experienced expert in assessing damages and loss causation issues in securities class action cases, and an expert in the education field; (12) preparation for and participation in mediation; and (13) negotiating and finalizing the Settlement. Additional time will be expended during the administration of the Settlement; however, Lead Counsel will not seek a fee for that work.

74. Plaintiffs' counsel's total "lodestar" is $8,026,516.07, when one multiplies the number of hours worked by the current billing rates for counsel's various professionals. *Id*. Dividing the requested fee by plaintiffs' counsel's lodestar results in a "lodestar multiplier" of negative .21.

75. Lead Counsel, on behalf of all plaintiffs' counsel, also respectfully requests reimbursement of expenses incurred in connection with prosecution and settlement of the Litigation in the amount of $519,174.98. Plaintiffs' counsel's individual declarations itemize these reimbursable expenses and state that the expenses are: (i) reflected in the books and records maintained by each firm; and (ii) accurately recorded in their declaration. *See* Exs. 4-B; 5-B, 6-B.

76. Lead Counsel submits that the reported expenses are reasonable and were necessary for the successful prosecution of the case and achieving the Settlement. Because counsel were aware that they might not recover any of these expenses unless and until the Litigation was successfully resolved against Defendants, they took steps to minimize expenses whenever practical to do so without jeopardizing the vigorous and efficient prosecution of the case.

77. Approximately $311,000 or nearly 60% of these expenses, relate to the cost of experts. Such expenses were critical to Lead Counsel's understanding of the claims and damages in the Litigation and its success in achieving the proposed Settlement. The expenses also reflect routine and typical expenditures incurred in the course of litigation, such as the costs of legal research (*i.e.*, Westlaw and Lexis fees), travel, document duplication, transcription services for depositions, telephone, FedEx, etc.). These expenses are reasonable and were necessary for the successful prosecution of the case.

78. ATRS also seeks $4,032 as reimbursement for its costs and expenses, including lost wages, in acting as Lead Plaintiff. *See* Ex. 1 ¶¶7-8. As set forth in the Hopkins Declaration, among other things, ATRS: (i) searched for and produced documents in response to Defendants' discovery request; (ii) prepared for, and traveled to, Lead Plaintiff's deposition in New York; and (iii) prepared for, and traveled to, the January 8, 2013 mediation session with Judge Weinstein. *Id*. ¶8. Lead Plaintiff played an integral role in achieving the Settlement for the Class and accordingly should be reimbursed for its costs related to its participation in the Litigation.

XI. MISCELLANEOUS EXHIBITS

79. Annexed hereto as Exhibit 8 is a true and correct copy of a research study by Dr. Renzo Comolli, Sukaina Klein, Dr. Ronald I. Miller, and Svetlana Starykh, titled *Recent Trends in Class Action Litigation: 2012 Full-Year Review* (NERA Jan. 29, 2013).

80. Annexed hereto as Exhibit 9 is a true and correct copy of a research study by Ellen Ryan & Laura E. Simmons titled *Securities Class Action Settlements: 2012 Review and Analysis* (Cornerstone Research 2013).

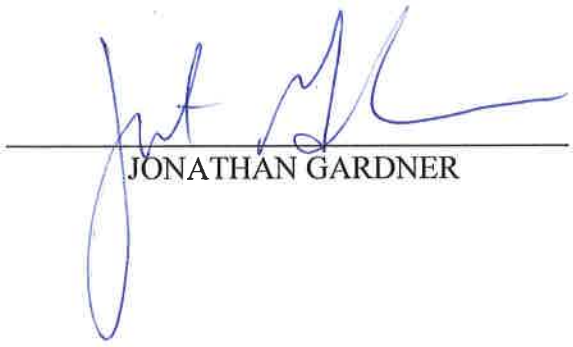
81. Annexed hereto as Exhibit 10 is a compendium of unreported cases, in alphabetical order, cited in the accompanying Memorandum of Law in Support of Lead Counsel's Motion for an Award of Attorneys' Fees and Payment of Litigation Expenses and Lead Plaintiff's Request for Reimbursement of Expenses.

XII. CONCLUSION

82. Lead Counsel respectfully submit that the Settlement should be approved as fair, adequate and reasonable; that the Plan of Allocation should be approved as fair and reasonable; that attorneys' fees in the amount of 25% of the Settlement Fund, or $1,687,500, should be approved as fair and reasonable; that the litigation expenses should be reimbursed in full; and that Lead Plaintiff should be reimbursed for costs incurred in connection with its participation in the Litigation.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 17, 2013.



JONATHAN GARDNER

EXHIBIT 1

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

DAVID HOPPAUGH, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. K12 INC., RONALD J. PACKARD, and HARRY T. HAWKS, Defendants.	)	Civ. A. No. 1:12-cv-00103-CMH-IDD

DECLARATION OF GEORGE HOPKINS, EXECUTIVE DIRECTOR OF ARKANSAS TEACHER RETIREMENT SYSTEM, IN SUPPORT OF (I) LEAD PLAINTIFF'S UNOPPOSED MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT AND PLAN OF ALLOCATION AND (II) LEAD COUNSEL'S MOTION FOR ATTORNEYS' FEES AND PAYMENT OF LITIGATION EXPENSES

I, GEORGE HOPKINS, declare as follows:

1. I am the Executive Director of the Arkansas Teacher Retirement System ("ATRS" or "Lead Plaintiff"), Court-appointed Lead Plaintiff in the above-captioned securities class action (the "Action").[1] ATRS is an institutional investor that provides retirement, disability, and survivor benefits to the thousands of current and former employees of the Arkansas education community, and manages more than $12 billion in assets held in trust. ATRS purchased more than 199,000 shares of K12's common stock during the Class Period at allegedly artificially inflated prices and suffered losses exceeding $1.2 million as a result of Defendants' alleged violations of the securities laws.

2. I respectfully submit this Declaration in support of (a) Lead Plaintiff's Motion for Final Approval of Class Action Settlement and Plan of Allocation and (b) Labaton Sucharow, LLP's ("Lead Counsel") Motion for Attorneys' Fees and Payment of Litigation Expenses, which includes ATRS's application for reimbursement of costs and expenses pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA"). I have personal knowledge of the matters related to ATRS's application, and of the other matters set forth in this Declaration, as I, or others working under my direction, have been directly involved in monitoring and overseeing the prosecution of the Action on ATRS's behalf, and I could and would testify competently thereto.

I. Work Performed by ATRS on Behalf of the Class

3. ATRS understands that the PSLRA was intended to encourage institutional investors with large losses to seek to manage and direct securities fraud class actions. ATRS is a

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[1] All capitalized terms used herein, unless otherwise defined, have the same meaning as that set forth in the Stipulation and Agreement of Settlement (the "Stipulation"), dated March 4, 2013. (ECF No. 138-2).

large, sophisticated institutional investor who committed itself to vigorously prosecuting this litigation, through trial if necessary. In seeking appointment as Lead Plaintiff in the case, ATRS understood its fiduciary duties to serve in the interests of the Class by participating in the management and prosecution of the case.

4. ATRS has fulfilled its responsibilities as Lead Plaintiff. Since being appointed as a Lead Plaintiff, it has, *inter alia*: (a) conferred with Lead Counsel on the overall strategy for prosecuting the Action, including moving for Lead Plaintiff; (b) reviewed the Amended Complaint and motion papers filed in the Action; (c) requested and evaluated regular status reports from Lead Counsel; (d) reviewed Defendants' requests for production of documents, and compiled and produced responsive documents relevant to its claims and its status as Lead Plaintiff; (e) prepared for and sat for a deposition conducted by defense counsel; (f) attended the January 8, 2013 mediation with former Judge Daniel Weinstein; (g) analyzed and responded to Defendants' settlement proposals; and (h) communicated with Lead Counsel regarding settlement negotiations and documentation.

II. ATRS Strongly Endorses the Court's Approval of the Settlement

5. Based on its involvement throughout the prosecution and resolution of the Action, ATRS believes that the proposed Settlement is fair, reasonable and adequate to the Class. Because ATRS believes that the proposed Settlement represents a substantial recovery for the Class, particularly in light of the substantial risks of continuing to litigate the Action, it strongly endorses approval of the Settlement by the Court.

III. ATRS Supports Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses

6. ATRS also believes that Lead Counsel's request for an award of attorneys' fees in the amount of $1,687,500 (plus accrued interest at the same rate), representing 25% of the

Settlement Fund, is fair and reasonable in light of the work they performed on behalf of Lead Plaintiff and the Class. ATRS has evaluated Lead Counsel's fee request in light of the work performed by Lead Counsel as well as the substantial recovery obtained for the Class. ATRS understands that the fee requested by Lead Counsel amounts to the collective lodestar documented at the time the Settlement was reached and that Lead Counsel has incurred additional time since then, preparing the preliminary and final approval motions, and will incur time in the future administering the Settlement and distributing the Net Settlement Fund. ATRS further believes that the litigation expenses Lead Counsel requests for reimbursement are reasonable, and represent the costs and expenses that were necessary for the successful prosecution and resolution of this case. Based on the foregoing, and consistent with its obligation to obtain the best result at the most efficient cost on behalf of the Class, ATRS fully supports Lead Counsel's motion for attorneys' fees and payment of litigation expenses.

7. In addition, ATRS understands that reimbursement of a lead plaintiff's reasonable costs and expenses, including lost wages, is authorized under §21D(a)(4) of the PSLRA, 15 U.S.C. §78u-4(a)(4). Consequently, in connection with Lead Counsel's request for reimbursement of litigation expenses, ATRS seeks reimbursement for costs in the amount of $4,032, which represents the cost of the time that ATRS devoted to supervising and participating in the litigation.

8. I was the primary point of contact between ATRS and Lead Counsel. I oversaw the efforts to compile and produce responsive documents, met with attorneys from Labaton Sucharow numerous times throughout the course of the litigation, traveled to New York to prepare for and be deposed by Defendants' counsel, analyzed and responded to Defendants' settlement proposals, and traveled to New York to participate in the mediation session. I also

regularly corresponded with Lead Counsel through email and telephone conferences. In sum, I dedicated approximately 42 hours to this Action on behalf of ATRS. This was time that I did not spend conducting ATRS's usual business. My effective hourly rate was $96 per hour.[2] The total cost of my time is $4,032.

IV. Conclusion

In conclusion, ATRS, a Court-appointed Lead Plaintiff who was closely involved in the prosecution and settlement of the claims in this Action, strongly endorses the Settlement as fair, reasonable and adequate, and believes it represents a significant recovery for the Class. ATRS further supports Lead Counsel's attorneys' fee and litigation expense reimbursement application, and believes that it represents fair and reasonable compensation for counsel in light of the substantial recovery obtained for the Class and the attendant litigation risks. Finally, ATRS requests reimbursement for its costs in the amount of $4,032. Accordingly, ATRS respectfully requests that the Court approve Lead Plaintiffs' motion for final approval of the proposed Settlement and Lead Counsel's motion for an award of attorneys' fees and reimbursement of litigation expenses.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct, and that I have the authority to execute this Declaration on behalf of ATRS. Executed this 15th day of May, 2013 at 4:40 pm at Little Rock, Arkansas.

George Hopkins
Arkansas Teacher Retirement System

[2] ATRS's formula for reimbursement of my services is $96 per hour, representing my salary, benefits, and taxes.

EXHIBIT 2

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

DAVID HOPPAUGH, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. K12 INC., RONALD J. PACKARD, and HARRY T. HAWKS, Defendants.	Civ. A. No. 1:12-cv-00103-CMH-IDD JURY TRIAL DEMANDED CLASS ACTION **PRELIMINARY APPROVAL ORDER PROVIDING FOR NOTICE AND HEARING IN CONNECTION WITH PROPOSED CLASS ACTION SETTLEMENT**

WHEREAS, as of March 4, 2013, Arkansas Teacher Retirement System ("Lead Plaintiff" or "Arkansas"), on behalf of itself and the Class, and the Defendants[1] entered into a Stipulation and Agreement of Settlement (the "Stipulation") in the above-titled litigation (the "Litigation"), which is subject to review under Rule 23 of the Federal Rules of Civil Procedure and which, together with the exhibits thereto, sets forth the terms and conditions of the proposed settlement of the claims alleged in the Litigation against the Defendants on the merits and with prejudice (the "Settlement"); and the Court having read and considered the Stipulation and the accompanying exhibits; and the Parties to the Stipulation having consented to the entry of this Order; and all capitalized terms used in this Order that are not otherwise defined herein having the meanings defined in the Stipulation;

WHEREAS, on March 4, 2013, as stipulated to by the Parties, pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure, the Court certified the Litigation as a class action

[1] The Defendants are: K12 Inc. ("K12" or the "Company"); Ronald J. Packard; and Harry T. Hawks.

on behalf of all Persons that purchased or otherwise acquired the publicly traded common stock of K12 from September 9, 2009 through December 12, 2011, inclusive, (the "Class Period") and who were damaged thereby (the "Class"). Excluded from the Class are: Defendants; members of the immediate family of Messrs. Packard or Hawks; any person who was an officer or director of K12 during the Class Period; any firm, trust, corporation, officer, or other entity in which any Defendant has or had a controlling interest; Defendants' directors' and officers' liability insurance carrier, and any affiliates or subsidiaries thereof; and the legal representatives, agents, affiliates, heirs, successors-in-interest, or assigns of any such excluded party. Also excluded from the Class are any proposed Class Members who properly exclude themselves by filing a valid and timely request for exclusion in accordance with the requirements set forth in the Notice and as set forth below;

WHEREAS, also on March 4, 2013, as stipulated to by the Parties, pursuant to Rule 23 of the Federal Rules of Civil Procedure, Lead Plaintiff was certified as Class Representative for the Class. The law firm of Labaton Sucharow LLP was appointed Class Counsel for the Class and the law firm of Webster Book LLP was appointed Liaison Counsel for the Class;

NOW, THEREFORE, IT IS HEREBY ORDERED, this _____ day of _____, 2013 that:

1. The Court has reviewed the Stipulation and preliminarily finds the Settlement set forth therein to be fair, reasonable and adequate, subject to further consideration at the Settlement Hearing described below.

2. A hearing (the "Settlement Hearing") pursuant to Rule 23(e) of the Federal Rules of Civil Procedure is hereby scheduled to be held before the Court on July 19, 2013, at 10:60 A.m. for the following purposes:

(a) to determine whether the proposed Settlement is fair, reasonable and adequate, and should be approved by the Court;

(b) to determine whether the proposed Final Order and Judgment ("Judgment") as provided under the Stipulation should be entered, and to determine whether the release by the Class of the Released Claims, as set forth in the Stipulation, should be provided to the Released Defendant Parties;

(c) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved by the Court;

(d) to consider Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses (which may include an application for an award to Lead Plaintiff for reimbursement of its reasonable costs and expenses directly related to its representation of the Class, pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA")); and

(e) to rule upon such other matters as the Court may deem appropriate.

3. The Court reserves the right to approve the Settlement with or without modification and with or without further notice to the Class of any kind. The Court further reserves the right to enter the Judgment approving the Settlement regardless of whether it has approved the Plan of Allocation or awarded attorneys' fees and/or expenses. The Court may also adjourn the Settlement Hearing or modify any of the dates herein without further notice to members of the Class.

4. The Court approves the form, substance and requirements of the Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and

Expenses (the "Notice") and the Proof of Claim and Release Form ("Proof of Claim"), substantially in the forms annexed hereto as Exhibits 1 and 2, respectively.

5. The Court approves the retention of GCG, Inc. as the Claims Administrator. The Claims Administrator shall cause the Notice and the Proof of Claim, substantially in the forms annexed hereto, to be mailed, by first-class mail, postage prepaid, on or before ten (10) business days after the date of entry of this Order ("Notice Date"), to all Class Members who can be identified with reasonable effort. K12, to the extent it has not already done so, shall use its best efforts to obtain and provide to Lead Counsel, or the Claims Administrator, at no cost to Lead Plaintiff, Lead Counsel, the Class or the Claims Administrator: a list, in electronic searchable form, of the name and last known address of all persons and entities who were shareholders of record during the Class Period, no later than five (5) business days after entry of this Order.

6. The Claims Administrator shall use reasonable efforts to give notice to nominee purchasers such as brokerage firms and other persons or entities who purchased or otherwise acquired the publicly traded common stock of K12 during the Class Period as record owners but not as beneficial owners. Such nominee purchasers are directed, within seven (7) calendar days of their receipt of the Notice, to either (i) provide the Claims Administrator with lists of the names and last known addresses of the beneficial owners, and the Claims Administrator is ordered to send the Notice and Proof of Claim promptly to such identified beneficial owners by first-class mail, or (ii) request additional copies of the Notice and Proof of Claim, and within seven (7) calendar days of receipt of such copies send them by first-class mail directly to the beneficial owners. Nominee purchasers who elect to send the Notice and Proof of Claim to their beneficial owners shall also send a statement to the Claims Administrator confirming that the mailing was made as directed. Additional copies of the Notice shall be made available to any

record holder requesting such for the purpose of distribution to beneficial owners, and such record holders shall be reimbursed from the Settlement Fund, after receipt by the Claims Administrator of proper documentation, for their reasonable expenses actually incurred in sending the Notices and Proofs of Claim to beneficial owners.

7. Lead Counsel shall, at or before the Settlement Hearing, file with the Court proof of mailing of the Notice and Proof of Claim.

8. The Court approves the form of the Summary Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses ("Summary Notice") substantially in the form annexed hereto as Exhibit 3, and directs that Lead Counsel shall cause the Summary Notice to be published in *Investor's Business Daily* and transmitted over *PR Newswire* within fourteen (14) calendar days of the Notice Date. Lead Counsel shall, at or before the Settlement Hearing, file with the Court proof of publication of the Summary Notice.

9. The form and content of the notice program described herein, and the methods set forth herein of notifying the Class of the Settlement and its terms and conditions, meet the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the PSLRA, and due process, constitute the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all persons and entities entitled thereto.

10. In order to be eligible to receive a distribution from the Net Settlement Fund, in the event the Settlement is effected in accordance with the terms and conditions set forth in the Stipulation, each Class Member shall take the following actions and be subject to the following conditions:

(a) A properly executed Proof of Claim, substantially in the form annexed hereto as Exhibit 2, must be submitted to the Claims Administrator, at the address indicated in the Notice, postmarked no later than 120 calendar days after the Notice Date. Such deadline may be further extended by Court Order or by Lead Counsel in their discretion. Each Proof of Claim shall be deemed to have been submitted when postmarked (if properly addressed and mailed by first-class mail, postage prepaid) provided such Proof of Claim is actually received prior to the motion for an order of the Court approving distribution of the Net Settlement Fund. Any Proof of Claim submitted in any other manner shall be deemed to have been submitted when it was actually received at the address designated in the Notice. Any Class Member who does not timely submit a Proof of Claim within the time provided for shall be barred from sharing in the distribution of the Net Settlement Fund, unless otherwise ordered by the Court.

(b) The Proof of Claim submitted by each Class Member must satisfy the following conditions, unless otherwise ordered by the Court: (i) it must be properly completed, signed and submitted in a timely manner in accordance with the provisions of the preceding subparagraph; (ii) it must be accompanied by adequate supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by Lead Counsel; (iii) if the person executing the Proof of Claim is acting in a representative capacity, a certification of her current authority to act on behalf of the Class Member must be included in the Proof of Claim; and (iv) the Proof of Claim must be complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury.

(c) As part of the Proof of Claim, each Class Member shall submit to the jurisdiction of the Court with respect to the claim submitted.

11. Class Members shall be bound by all orders, determinations and judgments in this Litigation, whether favorable or unfavorable, unless such Persons request exclusion from the Class in a timely and proper manner, as hereinafter provided. A Class Member wishing to make such an exclusion request shall mail the request in written form by first-class mail to the address designated in the Notice for such exclusions, such that it is received no later than forty (40) calendar days prior to the Settlement Hearing. Such request for exclusion must state the name, address and telephone number of the person seeking exclusion, that the sender requests to be "excluded from the Class in *Hoppaugh v. K12 Inc., et al*, No. 12-cv-00103-CMH (E.D. Va.)" and must be signed by such person. Such persons requesting exclusion are also directed to state: the date(s), price(s), and number(s) of shares of all purchases, acquisitions and sales of the publicly traded common stock of K12 during the Class Period. The request for exclusion shall not be effective unless it provides the required information and is made within the time stated above, or the exclusion is otherwise accepted by the Court.

12. Class Members requesting exclusion from the Class shall not be eligible to receive any payment out of the Net Settlement Fund as described in the Stipulation and Notice.

13. The Court will consider any Class Member's objection to the Settlement, the Plan of Allocation, and/or the application for an award of attorneys' fees or reimbursement of expenses only if such Class Member has served by hand or by mail his, her or its written objection and supporting papers such that they are received on or before forty (40) calendar days before the Settlement Hearing, upon Lead Counsel, Jonathan Gardner, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005 and Defendants' Counsel, Michele E. Rose, Esq., Latham

& Watkins LLP, 555 Eleventh Street, NW, Suite 1000, Washington, DC 20004, and has filed said objections and supporting papers with the Clerk of the Court, United States District Court for the Eastern District of Virginia, Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, VA 22314. Any Class Member who does not make his, her or its objection in the manner provided for in the Notice shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to any aspect of the Settlement, to the Plan of Allocation, or to the request for attorneys' fees and expenses, unless otherwise ordered by the Court, but shall otherwise be bound by the Judgment to be entered and the releases to be given. Attendance at the hearing is not necessary; however, persons wishing to be heard orally in opposition to the approval of the Settlement, the Plan of Allocation, and/or the application for an award of attorneys' fees and other expenses are required to indicate in their written objection their intention to appear at the hearing. Persons who intend to object to the Settlement, the Plan of Allocation, and/or the application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

14. Pending final determination of whether the Settlement should be approved, Lead Plaintiff, all Class Members, and each of them, and anyone who acts or purports to act on their behalf, shall not institute, commence or prosecute any action which asserts Released Claims against the Released Defendant Parties.

15. As provided in the Stipulation, prior to the Effective Date, Lead Counsel may pay the Claims Administrator a portion of the reasonable fees and costs associated with giving notice

to the Class and the review of claims and administration of the Settlement out of the Settlement Fund without further approval from the Defendants and without further order of the Court.

16. All papers in support of the Settlement, Plan of Allocation, and Lead Counsel's request for an award of attorneys' fees and expenses shall be filed with the Court on or before sixty (60) calendar days prior to the date set herein for the Settlement Hearing. If reply papers are necessary, they are to be filed with the Court and served no later than fourteen (14) calendar days prior to the Settlement Hearing.

17. The passage of title and ownership of the Settlement Fund to the Escrow Agent in accordance with the terms and obligations of the Stipulation is approved. No person who is not a Class Member or Lead Counsel shall have any right to any portion of, or to any distribution of, the Net Settlement Fund unless otherwise ordered by the Court or otherwise provided in the Stipulation.

18. All funds held in escrow shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court until such time as such funds shall be disbursed pursuant to the Stipulation and/or further order of the Court.

19. If the Settlement fails to become effective as defined in the Stipulation or is terminated, then, in any such event, the Stipulation, including any amendment(s) thereof, except as expressly provided in the Stipulation, and this Preliminary Approval Order shall be null and void, of no further force or effect, and without prejudice to any Party, and may not be introduced as evidence or used in any actions or proceedings by any person or entity against the Parties, and the Parties shall be deemed to have reverted to their respective litigation positions in the Litigation as of February 1, 2013.

20. The Court retains exclusive jurisdiction over the Litigation to consider all further matters arising out of or connected with the Settlement.

Dated: Mar. 22, 2013

/s/
Claude M. Hilton
United States District Judge

EXHIBIT 3

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

DAVID HOPPAUGH, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. K12 INC., RONALD J. PACKARD, and HARRY T. HAWKS, Defendants.	Civ. A. No. 1:12-cv-00103-CMH-IDD CLASS ACTION **AFFIDAVIT REGARDING (A) MAILING OF THE NOTICE AND PROOF OF CLAIM; (B) PUBLICATION OF THE SUMMARY NOTICE; (C) WEBSITE AND TELEPHONE HOTLINE; AND (D) REQUESTS FOR EXCLUSION**

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

JOSE C. FRAGA, being duly sworn, deposes and says:

1. I am a Senior Director of Operations for The Garden City Group, Inc. ("GCG"). Pursuant to the Court's Preliminary Approval Order Providing for Notice and Hearing In Connection with Proposed Class Action Settlement entered March 22, 2013 (the "Preliminary Approval Order"), GCG was authorized to act as the Claims Administrator in connection with the settlement in the above-captioned action (the "Action").

A. MAILING OF THE NOTICE AND PROOF OF CLAIM

2. Pursuant to the Preliminary Approval Order, GCG has been responsible for disseminating the Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses (the "Notice") and the Proof of Claim and Release (the "Proof of Claim" and, collectively with the Notice, the "Claim Packet") to potential Class Members. A copy of the Claim Packet is attached hereto as Exhibit A.

3. On or about March 19, 2013 GCG received files, via email, from Lead Counsel with the names and addresses of 49 record holders and lists with 8,079 unique potential Class

Members, including record holders who purchased or acquired K12 common stock, during the period from September 9, 2009 to and through December 12, 2011, inclusive. GCG then entered these 8,128 records into a database created specifically for the Settlement. On April 5, 2013, GCG mailed by first-class mail, postage prepaid, a Claim Packet to each of the 8,128 record holders.

4. As in most class actions of this nature, the large majority of potential class members are beneficial purchasers whose securities are held in "street name"- *i.e.*, the securities are purchased by brokerage firms, banks, institutions and other third-party nominees in the name of the nominee, on behalf of the beneficial purchasers. GCG maintains a proprietary database with names and addresses of the largest and most common U.S. banks, brokerage firms, and nominees, including national and regional offices of certain nominees (the "Nominee Database"). GCG's Nominee Database is updated from time to time as new nominees are identified, and as others go out of business. At the time of the initial mailing, the Nominee Database contained 1,991 mailing records. On April 5, 2013, GCG caused the Claim Packet to be mailed to the 1,991 mailing records contained in GCG's Nominee Database.

5. From April 6, 2013 to May 14, 2013, GCG received from nominee holders and others a total of 14,951 names and addresses of potential Class Members. GCG promptly sent a Claim Packet to each such name and address. In addition, during this same time period, GCG received requests from nominee holders for 1,907 Claim Packets to be forwarded by the nominee holders to potential Class Members. GCG promptly provided the requested Claim Packets to the nominee holders.

6. In the aggregate, from April 5, 2013 to May 14, 2013, GCG mailed 27,111 Claim Packets to potential nominees and Class Members by first-class mail, postage prepaid. This includes 134 Claim Packets that were remailed due to updated addresses provided by the U.S. Postal Service.

B. PUBLICATION OF THE SUMMARY NOTICE

7. Pursuant to the Preliminary Approval Order, GCG Communications, the media division of GCG, caused the Summary Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses (the "Summary Notice") to be published on April 18, 2013 in *Investor's Business Daily*; attached hereto as Exhibit B is the affidavit of Stephan Johnson, attesting to that publication for the publisher of *Investor's Business Daily*. Also on April 18, 2013, the Summary Notice was issued over the *PR Newswire*; attached hereto as Exhibit C is a Confirmation Report for the *PR Newswire*, attesting to that issuance.

C. WEBSITE AND TELEPHONE HOTLINE

8. In coordination with Lead Counsel, GCG designed, implemented and maintains a website dedicated to this Action. The website is located at www.gcginc.com/cases/K12. The website contains links to the Notice and accompanying tables, Proof of Claim, Stipulation and Agreement of Settlement, and the Preliminary Approval Order.

9. GCG established a toll-free Interactive Voice Response ("IVR") system to accommodate potential Class Members. This system became operational on or about April 5, 2013 and included a message option for callers to ask questions or request a Claim Packet be mailed to them. As of May 14, 2013, GCG has received a total of 106 calls, out of which 47 potential Class Members left messages to speak with GCG administrators for assistance. All of the requests for a return phone call have been responded to in a timely manner.

D. REQUESTS FOR EXCLUSION

10. Page 6 of the Notice informs potential Class Members that any written requests for exclusion from the Class must be addressed to K12, Inc. Securities Litigation - EXCLUSIONS, c/o GCG, Inc., P.O. Box 9974, Dublin, OH 43017-5974, such that they are

received no later than June 10, 2013. GCG has been monitoring all mail delivered to that Post Office Box. To date, GCG has not received any requests for exclusion from the Class.

Jose C. Fraga

Sworn to before me this
16th day of May, 2013

Notary Public

VANESSA M. VIGILANTE
Notary Public, State of New York
No. 01VI6143817
Qualified in Queens County
My Commission Expires 4-17-2014

EXHIBIT A

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

DAVID HOPPAUGH, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. K12 INC., RONALD J. PACKARD, and HARRY T. HAWKS, Defendants.	Civ. A. No. 1:12-cv-00103-CMH-IDD CLASS ACTION **NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT AND MOTION FOR ATTORNEYS' FEES AND EXPENSES**

IF YOU PURCHASED OR OTHERWISE ACQUIRED THE PUBLICLY TRADED COMMON STOCK OF K12 INC. ("K12" OR THE "COMPANY") DURING THE PERIOD FROM SEPTEMBER 9, 2009 THROUGH DECEMBER 12, 2011, INCLUSIVE, (THE "CLASS PERIOD") YOU MAY BE ELIGIBLE FOR A PAYMENT FROM A CLASS ACTION SETTLEMENT

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

- Court-appointed lead plaintiff, Arkansas Teacher Retirement System ("Lead Plaintiff"), on behalf of the Class (as defined below), has reached a proposed settlement in the amount of $6,750,000 in cash (the "Settlement") that will resolve all claims against K12 and Ronald J. Packard and Harry T. Hawks (the "Individual Defendants," and together with K12, the "Defendants") in this proposed class action (the "Litigation").[1]

- The Settlement resolves claims that the Defendants allegedly misled investors about certain aspects of K12's business performance, avoids the costs and risks of continuing the Litigation, pays money to investors like you, and releases the Defendants from liability.

- This Notice explains important rights you may have, including your possible receipt of cash from the Settlement. **Your legal rights will be affected whether or not you act. Please read this Notice carefully.**

- The Court in charge of the Litigation still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
ACTIONS YOU MAY TAKE	**EFFECT OF TAKING THIS ACTION**
SUBMIT A CLAIM FORM NO LATER THAN AUGUST 3, 2013.	The only way to get a payment.
EXCLUDE YOURSELF FROM THE CLASS NO LATER THAN JUNE 10, 2013.	Get no payment. This is the only option that allows you to ever bring or be part of any other lawsuit about the Released Claims (defined below) against Defendants and the other Released Defendant Parties (defined below).
OBJECT TO THE SETTLEMENT NO LATER THAN JUNE 10, 2013.	Write to the Court about why you do not like the Settlement, the proposed Plan of Allocation and/or the request for attorneys' fees and reimbursement of expenses. You will still be a member of the Class.
ASK TO SPEAK AT THE HEARING ON JULY 19, 2013 AT 10:00 A.M., NO LATER THAN JUNE 10, 2013.	Speak in Court about the Settlement at the Settlement Hearing.
DO NOTHING	Get no payment. Remain a Class Member. Give up your rights.

SUMMARY OF THIS NOTICE

I. Description of the Litigation and the Class

This Notice relates to the proposed Settlement of a class action lawsuit against the Defendants. As explained in more detail below, the proposed Settlement, if approved by the Court, will settle claims of all persons and entities that purchased or otherwise acquired the publicly traded common stock of K12 from September 9, 2009 through December 12, 2011, inclusive, and who were damaged thereby (the "Class").

[1] All capitalized terms not otherwise defined in this Notice have the meanings provided in the Stipulation and Agreement of Settlement, dated March 4, 2013.

II. Statement of the Plaintiff's Recovery

Subject to Court approval, and as described more fully on page 3 below, Lead Plaintiff, on behalf of the proposed Class, has agreed to settle all claims remaining in the Litigation related to the purchase or acquisition of the publicly traded common stock of K12 during the Class Period that were or could have been asserted against K12 in the Litigation in exchange for a payment of $6,750,000 in cash (the "Settlement Amount") to be deposited into an interest-bearing escrow account (the "Settlement Fund"). Based on Lead Plaintiff's consulting damages expert's estimate of the amount of K12's publicly traded common stock that may have been damaged as a result of the alleged misstatements and omissions by the Defendants, and assuming that all those shares participate in the Settlement, Lead Counsel estimates that the average recovery would be approximately $0.30 per allegedly damaged share,[2] before the deduction of Court-approved attorneys' fees and expenses, taxes, and notice and administration costs. Class Members should note, however, that this is only an estimate based on the overall number of potentially damaged shares in the Class. Some Class Members may recover more or less than this estimated amount depending on, among other factors, when, where, and the prices at which their shares were purchased or sold. The Net Settlement Fund (the Settlement Fund less taxes, notice and administration costs, and attorneys' fees and litigation expenses) will be distributed in accordance with a plan of allocation (the "Plan of Allocation") approved by the Court and will determine how the Net Settlement Fund shall be allocated to the members of the Class. The proposed Plan of Allocation is included in this Notice (*see* page 8 below).

III. Statement of Potential Outcome of the Case

The Parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail on the claims against the Defendants. The Defendants deny all liability and deny that K12's publicly traded common stock was damaged as Lead Plaintiff has alleged. The issues on which the Parties disagree include, for example: (i) the amount by which the prices of K12's publicly traded common shares were artificially inflated as a result of the alleged misstatements and omissions by the Defendants; (ii) the amount of any alleged damages suffered by purchasers or acquirers of K12's publicly traded common stock; (iii) the appropriate economic models for determining the amounts by which K12's publicly traded common shares were allegedly artificially inflated (if at all); and (iv) the effect of various market forces influencing the trading prices of K12's publicly traded common shares.

IV. Statement of Attorneys' Fees and Litigation Expenses Sought

Lead Counsel (as defined on page 6 below) will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 25% of the Settlement Fund, which will include interest. In addition, Lead Counsel also will apply for the reimbursement of litigation expenses paid or incurred in connection with the prosecution and resolution of the Litigation, in an amount not to exceed $600,000, plus interest from the date of funding at the same rate as earned by the Settlement Fund. Lead Counsel's fee and expense application may include a request for an award to Lead Plaintiff for reimbursement of its reasonable costs and expenses, including lost wages, directly related to its representation of the Class in an amount not to exceed $10,000. If the Court approves Lead Counsel's fee and expense application in full, the average amount of fees and expenses will be approximately $0.10 per allegedly damaged share**.**

V. Identification of Attorneys' Representatives

Lead Plaintiff and the Class are being represented by Labaton Sucharow LLP, the Court-appointed Lead Counsel. Any questions regarding the Settlement should be directed to Jonathan Gardner, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, Tel: (888) 219-6877, www.labaton.com, settlementquestions@labaton.com.

VI. Reasons for the Settlement

For Lead Plaintiff, the principal reason for the Settlement is the immediate benefit of a substantial cash recovery for the Class. This benefit must be compared to the risk that no recovery or a smaller recovery might be achieved after fact and expert discovery are complete, summary judgment motions are made by the Parties, and a contested trial and likely appeals are resolved, possibly years into the future. For the Defendants, who deny all allegations of liability and deny that any Class Members were damaged, the principal reason for the Settlement is to eliminate the burden, expense, uncertainty and risk of further litigation.

[END OF COVER PAGE]

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased or acquired K12's publicly traded common stock during the period from September 9, 2009 through December 12, 2011, inclusive. The Court directed that this Notice be sent to Class Members because they have a right to know about the proposed Settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. If approved, the Settlement will end all of the Class's claims against the Defendants. The Court will consider whether to approve the Settlement at a Settlement Hearing on July 19, 2013 at 10:00 a.m. If the Court approves the Settlement, and after any appeals are resolved and the Settlement administration is completed, the claims administrator appointed by the Court will make the payments that the Settlement allows.

[2] An allegedly damaged share might have been traded more than once and this average recovery would be the total for all purchasers of that share.

The Court in charge of the case is the United States District Court for the Eastern District of Virginia, and the case is known as *Hoppaugh v. K12 Inc., et al,* No. 12-cv-00103-CMH (E.D. Va.). This case was assigned to United States District Judge Claude M. Hilton. The persons who are suing are called "plaintiffs" and the company and the persons being sued are called "defendants."

2. What is this lawsuit about and what has happened so far?

This Litigation began on January 30, 2012 when the first class action complaint was filed against the Defendants. On May 18, 2012, the Court issued an order appointing Lead Plaintiff and Labaton Sucharow LLP as Lead Counsel to represent the Class. The current complaint in the Litigation is the Amended Class Action Complaint, which was filed by Lead Plaintiff on June 22, 2012 ("Amended Complaint"). On March 4, 2013, the Parties filed a Stipulation of Partial Voluntary Dismissal, voluntarily dismissing with prejudice certain claims asserted in the Amended Complaint.

The operative Amended Complaint, which contains the remaining claims that are being settled, generally alleges, among other things, that the Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 promulgated thereunder by making alleged misstatements and omissions and/or carrying out a common plan, scheme, and unlawful course of conduct during the Class Period in connection with the "churn" rate of students at virtual schools managed by K12. Lead Plaintiff alleges that Defendants recklessly failed to disclose high churn rates at K12 managed schools during the Class Period, which rendered the Company's reported enrollment figures and Defendants' statements regarding student retention false and misleading. When the truth about K12's high student churn rates was fully disclosed before the beginning of trading on December 13, 2011, the Company's stock price fell, allegedly damaging Class Members who purchased or acquired K12 common stock during the Class Period at artificially inflated prices.

Defendants moved to dismiss the Amended Complaint on July 20, 2012, and briefing on the motion to dismiss was completed on August 20, 2012. On September 14, 2012, the Court issued an order denying the motion to dismiss. Discovery commenced, including the production of documents by Defendants and third-parties, which resulted in the production of over one million pages of documents. Lead Plaintiff, through Lead Counsel, conducted a thorough investigation relating to the claims, defenses, and underlying events and transactions that are the subject of the Litigation. This process included reviewing and analyzing publicly available information and data concerning K12, interviewing approximately fifty former K12 employees, and consulting with experts on education, damages and causation issues.

The Defendants deny all allegations contained in the Amended Complaint, and deny having engaged in any wrongdoing whatsoever. The Settlement should not be construed or seen as evidence of or an admission or concession on the part of any Defendant with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity or weakness in the defenses that the Defendants have asserted.

On January 8, 2013, the Parties met with former Judge Daniel Weinstein of JAMS to explore a potential negotiated resolution of the claims, however a settlement was not reached. On January 31, 2013, settlement negotiations resumed through discussions with Judge Weinstein and direct negotiations between counsel for the Parties. On February 1, 2013, the Parties reached an oral agreement for a settlement framework, as memorialized in the Stipulation.

After extensive discovery to date, Lead Plaintiff concluded that there was insufficient support for its claims relating to academic performance and educational quality, and on March 4, 2013, the Parties filed a stipulation voluntarily dismissing those claims against Defendants.

The Parties entered into the Stipulation and Agreement of Settlement as of March 4, 2013. On March 22, 2013, the Court preliminarily approved the Settlement, authorized this Notice to be sent to potential Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

The Defendants deny the claims and contentions alleged by Lead Plaintiff in this Litigation, deny any liability whatsoever, and maintain that they have meritorious defenses to all claims that were raised or could have been raised in the Litigation.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case the Lead Plaintiff on behalf of the Class) sue on behalf of people or entities, known as "class members," who have similar claims. A class action allows one court to resolve in a single case many similar claims that, if brought separately by individuals, might be economically so small that they would never be brought. One court resolves the issues for all class members, except for those who exclude themselves, or "opt out," from the Class (*see page 6 below*).

4. Why is there a settlement?

The Court did not decide in favor of Lead Plaintiff or the Defendants. The Settlement will end all the claims against the Defendants in the Litigation and avoid the uncertainties and costs of further litigation and any future trial. Affected investors will be eligible to get compensation immediately, rather than after the time it would take to resolve future motions to dismiss, conduct discovery, have a trial and exhaust all appeals.

The Settlement was reached after months of investigation and litigation. Lead Plaintiff, through Lead Counsel, conducted an extensive investigation of the claims, defenses and underlying events and transactions relating to the Litigation. This investigation included, among other things, reviewing and analyzing K12's filings with the Securities and Exchange Commission (the "SEC"), securities analysts' reports, public statements by Defendants, media reports about Defendants, court records, and more than one million pages of documents produced by Defendants and third-parties. Lead Counsel also located and interviewed numerous former employees of the Company, and consulted with an experienced damages expert and an expert in the educational field. Lead Plaintiff also conducted 14 depositions of current K12 employees. Further, Lead Counsel and Lead Plaintiff participated in rigorous arm's-length negotiations and a mediation before an experienced mediator before entering into the Settlement.

Defendants have denied and continue to deny each and all of the claims and contentions alleged by Lead Plaintiff in the Litigation and deny that they are liable to the Class. Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. The Settlement should not be seen as an admission or concession on the part of the Defendants about any of the claims, their fault or liability for damages.

WHO IS IN THE SETTLEMENT

5. How do I know if I am part of the Settlement?

The Court determined that everyone who fits the following description, and is not excluded by definition from the Class (*see* Question 13 below), is a member of the Class, or a "Class Member," unless they take steps to exclude themselves:

> any person or entity that purchased or otherwise acquired the publicly traded common stock of K12 from September 9, 2009 through December 12, 2011, inclusive, and who were damaged thereby.

Receipt of this Notice does not mean that you are a Class Member. Please check your records or contact your broker to see if you purchased or otherwise acquired K12's publicly traded common stock during the Class Period.

6. Are there exceptions to being included in the Class?

There are some people who are excluded from the Class by definition. Excluded from the Class are: Defendants; members of the immediate family of Messrs, Packard or Hawks; any person who was an officer or director of K12 during the Class Period; any firm, trust, corporation, officer, or other entity in which any Defendant has or had a controlling interest; Defendants' directors' and officers' liability insurance carriers, and any affiliates or subsidiaries thereof; and the legal representatives, agents, affiliates, heirs, successors-in-interest, or assigns of any such excluded party.

Also excluded from the Class are any proposed Class Members who properly exclude themselves by submitting a valid and timely request for exclusion in accordance with the requirements set forth in this Notice. If you do not want to be a Class Member - for example if you want to continue with or bring your own lawsuit against the Defendants at your own expense for the claims that are being released as part of the Settlement - **you must exclude yourself** by submitting a request for exclusion in accordance with the requirements explained in Question 13 below.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help by writing to or calling the Claims Administrator: K12, Inc. Securities Litigation, Claims Administrator, c/o GCG Inc., P.O. Box 9974, Dublin, OH 43017-5974, www.gcginc.com/cases/K12, 1-866-282-3028. Or you can fill out and return the Proof of Claim and Release form ("Proof of Claim") described in Question 10 below, to see if you qualify.

THE SETTLEMENT BENEFITS—WHAT YOU MAY RECEIVE

8. What does the Settlement provide?

In the Settlement, K12 has agreed to pay $6,750,000 in cash, which will be deposited in an interest-bearing escrow account for the benefit of the Class (the "Settlement Fund"). The Settlement Fund will be divided, after deduction of Taxes, Court-awarded attorneys' fees and expenses, and settlement administration costs, among all Class Members who timely submit valid Proofs of Claim that are accepted for payment by the Court.

9. How much will my payment be?

The Plan of Allocation, discussed on pages 8-12 below, explains how claimants' "Recognized Claim" will be calculated. Your share of the Net Settlement Fund will depend on several things, including: (i) the quantity of K12's publicly traded common stock you bought; (ii) how much you paid for it; (iii) when you bought it; (iv) whether or when you sold it (and, if so, for how much); and (v) the amount of claims of other Authorized Claimants.

It is unlikely that you will get a payment for your entire Recognized Claim, given the number of potential Class Members. After all Class Members have sent in their Proofs of Claim, the payment any Authorized Claimant will get will be their *pro rata* share of the

Net Settlement Fund. An Authorized Claimant's share will be his, her or its Recognized Claim divided by the total of all Authorized Claimants' Recognized Claims and then multiplied by the total amount in the Net Settlement Fund. *See* the Plan of Allocation beginning on page 8 for more information.

Once all the Proofs of Claim are processed and claims are calculated, Lead Counsel, without further notice to the Class, will apply to the Court for an order authorizing distribution of the Net Settlement Fund to the Authorized Claimants. Lead Counsel will also ask the Court to approve payment of the Claims Administrator's fees and expenses incurred in connection with administering the Settlement that have not already been reimbursed.

HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM

10. How can I get a payment?

To qualify for a payment, you must timely send in a valid Proof of Claim with supporting documents (DO NOT SEND ORIGINALS of your supporting documents). A Proof of Claim is enclosed with this Notice. You may also get copies of the Proof of Claim on the Internet at the websites for the Claims Administrator: www.gcginc.com/cases/K12, or Lead Counsel: www.labaton.com. Please read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail it to the Claims Administrator by First-Class Mail, **postmarked on or before August 3, 2013.** *The Claims Administrator needs all of the information requested in the Proof of Claim in order to determine if you are eligible to receive a distribution from the Net Settlement Fund*.

11. When will I get my payment?

The Court will hold a hearing on July 19, 2013 at 10:00 a.m., to decide whether to, among other things, approve the Settlement and the proposed Plan of Allocation. All Proofs of Claim must be submitted to the Claims Administrator, **postmarked on or before August 3, 2013**. If the Court approves the Settlement, there may still be appeals which would delay payment, perhaps for more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

12. What am I giving up by staying in the Class?

Unless you exclude yourself, you will stay in the Class, which means that as of the date that the Settlement becomes effective under the terms of the Stipulation (the "Effective Date"), you will forever give up and release all "Released Claims" (as defined below) against the "Released Defendant Parties" (as defined below). You will not in the future be able to bring a case asserting any Released Claim against the Released Defendant Parties.

"Released Claims" means all claims, rights and causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, whether known or Unknown (as defined below), whether arising under federal, state, common or foreign law, that Lead Plaintiff or any other Class Member: (i) have asserted in the Litigation or (ii) could have asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the complaints filed in the Litigation and that relate to the purchase or acquisition during the Class Period of the common stock of the Company. Released Claims do not include: (i) claims to enforce the Settlement; (ii) any governmental or regulatory agency's claims asserted in any criminal or civil action against any of the Defendants; or (iii) *Staal v. Tisch,* No. 12-365 (D. Del.) and related demand letters and requests for corporate records.

"Released Defendants' Claims" means all claims, rights and causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, whether known or Unknown, whether arising under federal, state, common or foreign law, or any other law, that the Defendants or any other Released Defendant Party asserted, or could have asserted, against any of the Released Plaintiff Parties that arise out of or relate in any way to the commencement, prosecution, settlement or resolution of the Litigation or the claims against the Released Defendant Parties (other than claims to enforce the Settlement).

"Released Defendant Parties" means the Defendants and their current or former trustees, officers, directors, principals, employees, agents, partners, insurers, auditors, heirs, attorneys, predecessors, successors or assigns, parents, subsidiaries, divisions, joint ventures, general or limited partners or partnerships, limited liability companies and any trust of which any Individual Defendant is the settlor or which is for the benefit of their immediate family members.

"Unknown Claims" means any and all Released Claims, which the Lead Plaintiff or any other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Defendant Parties, and any Released Defendants' Claims that the Defendants or any other Released Defendant Party does not know or suspect to exist in his, her or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims and Released Defendants' Claims, the Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff and the Defendants shall expressly, and each other Class Member and each other Released Defendant Party shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, expressly waived and relinquished any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff, the other Class Members, the Defendants or the other Released Defendant Parties may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims and the Released Defendants' Claims, but Lead Plaintiff and the Defendants shall expressly, fully, finally and forever settle and release, and each other Class Member and each other Released Defendant Party shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Claims and Released Defendants' Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff and the Defendants acknowledge, and other Class Members and each other Released Defendant Party by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendants' Claims was separately bargained for and was a key element of the Settlement.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you want to keep any right you may have to sue or continue to sue the Released Defendant Parties on your own about the Released Claims, then you must take steps to exclude yourself from the Class. Excluding yourself is known as "opting out" of the Class. The Defendants may withdraw from and terminate the Settlement if potential Class Members who purchased in excess of a certain amount of K12's publicly traded common stock opt out from the Class.

13. How do I "opt out" (exclude myself) from the proposed Settlement?

To "opt out" (exclude yourself) from the Class, you must deliver or mail a signed letter by First-Class Mail stating that you "request to be excluded from the Class in *Hoppaugh v. K12 Inc., et al,* No. 12-cv-00103-CMH (E.D. Va.)" Your letter ***must*** provide documentation of the date(s), price(s) and number of shares of all your purchases, acquisitions and sales of K12's publicly traded common stock during the Class Period. This information is needed to determine whether you are a Class Member. In addition, you must include your name, address, telephone number, and your signature. You must submit your request for exclusion addressed to K12, Inc. Securities Litigation - EXCLUSIONS, c/o GCG, Inc., P.O. Box 9974, Dublin, OH 43017-5974. The request for exclusion must be **received on or before June 10, 2013**. **You cannot exclude yourself or opt out by telephone or by email.** Your request for exclusion must comply with these requirements in order to be valid. If you are excluded, you will not be eligible to get any payment from the Settlement proceeds and you cannot object to the Settlement, the proposed Plan of Allocation or the application for attorneys' fees and reimbursement of expenses.

14. If I do not exclude myself, can I sue the Defendants and the other Released Defendant Parties for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue the Defendants and the other Released Defendant Parties for all Released Claims. If you have a pending lawsuit, speak to your lawyer in that case **immediately**. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is **June 10, 2013**.

15. If I exclude myself, can I get money from the proposed Settlement?

No. If you exclude yourself, do not send in a Proof of Claim to ask for any money. But, you may exercise any right you may have to sue, continue to sue or be part of a different lawsuit against the Defendants and the other Released Defendant Parties.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The law firm of Labaton Sucharow was appointed to represent all Class Members. These lawyers are called Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Lead Counsel's fees and expenses. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Lead Counsel has not received any payment for their services in pursuing the claims against the Defendants on behalf of the Class, nor have they been reimbursed for their litigation expenses. At the Settlement Hearing described below, or at such other time as the Court may order, Lead Counsel will ask the Court to award them, from the Settlement Fund, attorneys' fees of no more than 25% of the Settlement Fund, which will include interest, and to reimburse them for their litigation expenses, such as the cost of experts, that they have incurred in pursuing the Litigation. The request for reimbursement of expenses will not exceed $600,000, plus interest on the expenses from the date of funding at the same rate as may be earned by the Settlement Fund.

OBJECTING TO THE SETTLEMENT

18. How do I tell the Court that I do not like something about the proposed Settlement?

If you are a Class Member and do not "opt out," you can object to any part of the Settlement, the proposed Plan of Allocation, the voluntary dismissal, and/or the application by Lead Counsel for attorneys' fees and reimbursement of expenses. You must write to the Court setting out your objection, giving reasons why you think the Court should not approve any part or all of the Settlement.

To object, you must send a signed letter stating that you object to the proposed Settlement, the proposed Plan of Allocation, the voluntary dismissal, and/or the application by Lead Counsel for attorneys' fees and reimbursement of expenses in the case known as "*Hoppaugh v. K12 Inc., et al,* No. 12-cv-00103-CMH (E.D. Va.)." You must include your name, address, telephone number and your signature; provide documentation of the date(s), price(s) and number of shares of all purchases, acquisitions and sales of K12's publicly traded common stock during the Class Period; and state the reasons why you object. This information is needed to demonstrate your membership in the Class.

Unless otherwise ordered by the Court, any Class Member who does not object in the manner described in this Notice will be deemed to have waived any objection and will not be able to make any objection to the Settlement, the voluntary dismissal, the proposed Plan of Allocation, and/or the application for attorneys' fees and reimbursement of expenses in the future.

Your objection must be filed with the United States District Court for the Eastern District of Virginia by hand or by mail such that it is **received on or before June 10, 2013** at the address set forth below. You must also serve the papers on Lead Counsel and Defendants' Counsel at the addresses set forth below so that the papers are **received on or before June 10, 2013**.

COURT:	**LEAD COUNSEL:**	**COUNSEL FOR DEFENDANTS:**
CLERK OF THE COURT United States District Court for the Eastern District of Virginia, Alexandria Division Albert V. Bryan U.S. Courthouse 401 Courthouse Square Alexandria, VA 22314	LABATON SUCHAROW LLP Jonathan Gardner 140 Broadway New York, New York 10005	LATHAM & WATKINS LLP Michele E. Rose, Esq. 555 Eleventh Street, NW, Suite 1000 Washington, DC 20004

19. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can still recover from the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT HEARING

20. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a Settlement Hearing at 10:00 a.m. on July 19, 2013, in Courtroom 800 of the United States District Court for the Eastern District of Virginia, Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, VA 22314. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. The Court also will consider the proposed Plan of Allocation for the proceeds of the Settlement and the applications for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions set out above in the answer to Question 18. We do not know how long it will take the Court to make these decisions.

You should also be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Class Members. If you want to come to the hearing, you should check with Lead Counsel before coming to be sure that the date and/or time has not changed.

21. Do I have to come to the hearing?

No. Lead Counsel will answer any questions the Court may have. But, you are welcome to come at your own expense. If you validly submit an objection, it will be considered by the Court. You do not have to come to Court to talk about it.

22. May I speak at the hearing and submit additional evidence?

If you file an objection, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (*see* Question 18 above), on or before June 10, 2013, a statement that it is your "notice of intention to appear in *Hoppaugh v. K12 Inc., et al,* No. 12-cv-00103-CMH (E.D. Va.)" Persons who object and want to present evidence at the Settlement Hearing must also include in their written objection the identity of any witness they may call to testify and exhibits they intend to introduce at the Settlement Hearing. You cannot speak at the Settlement Hearing if you excluded yourself from the Class or if you have

not provided written notice of your intention to speak at the Settlement Hearing according to the procedures described above and in the answer to Question 18.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement and you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants and the Released Defendant Parties about the Released Claims in this case. To be eligible to share in the Net Settlement Fund you must submit a Proof of Claim (*see* Question 10). To start, continue or be a part of any *other* lawsuit against the Defendants and the other Released Defendant Parties about the Released Claims you must exclude yourself from this Class (*see* Question 13).

GETTING MORE INFORMATION

24. Are there more details about the proposed Settlement and the lawsuit?

This Notice summarizes the proposed Settlement and voluntary dismissal of certain claims. More details regarding the proposed Settlement are in the Stipulation and Agreement of Settlement, dated as of March 4, 2013 (the "Settlement Stipulation"). More details regarding the voluntary dismissal are in the Stipulation of Partial Voluntary Dismissal With Prejudice, dated as of March 4, 2013 (the "Voluntary Dismissal Stipulation," or, collectively with the Settlement Stipulation, the "Stipulations"). You may review the Stipulations filed with the Court and all documents filed in the Litigation during business hours at the Office of the Clerk of the United States District Court for the Eastern District of Virginia, Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, VA 22314.

You also can call the Claims Administrator toll free at 1-866-282-3028; call Lead Counsel: Labaton Sucharow at (888) 219-6877; write to K12, Inc. Securities Litigation, Claims Administrator, c/o GCG Inc., P.O. Box 9974, Dublin, OH 43017-5974; or visit the websites www.gcginc.com/cases/K12 and www.labaton.com, where you can download copies of this Notice and the Proof of Claim.

Please Do Not Call the Court or K12 With Questions About the Settlement.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND

The Net Settlement Fund shall be distributed to each Class Member who timely submits a valid Proof of Claim to the Claims Administrator that is accepted for payment by the Court ("Authorized Claimant"). The Net Settlement Fund will not be distributed to Authorized Claimants until the Court has approved the Settlement and the Plan of Allocation, and the time for any petition for rehearing, appeal or review, whether by *certiorari* or otherwise, of the order(s) approving the Settlement and the Plan of Allocation has expired. The Defendants are not entitled to get back any portion of the Settlement Fund once the Effective Date of the Settlement has occurred.

The Plan of Allocation set forth herein is the plan that is being proposed by Lead Plaintiff and Lead Counsel to the Court for approval. The Court may approve this Plan of Allocation as proposed, or it may modify it without further notice to the Class. Any orders regarding a modification of the Plan of Allocation will be posted on the settlement website, www.gcginc.com/cases/K12.

A. Preliminary Matters

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Lead Counsel, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the Plan of Allocation, or further orders of the Court. Lead Plaintiff, the Defendants, their respective counsel, Lead Plaintiff's damages expert, and all other Released Parties shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund consistent with the terms of the Stipulation, the Plan of Allocation, or the determination, administration, calculation, or payment of any Proof of Claim or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

Claimants who fail to complete and file a valid and timely Proof of Claim form shall be barred from participating in distributions from the Net Settlement Fund, unless the Court otherwise orders. Class Members who do not either submit a request for exclusion or submit a valid and timely Proof of Claim will nevertheless be bound by the Settlement and the Order and Final Judgment of the Court dismissing this Litigation.

The purpose of this Plan of Allocation is to establish a reasonable and equitable method of distributing the Net Settlement Fund among Authorized Claimants. For purposes of determining the amount an Authorized Claimant may recover under this Plan of Allocation, Lead Counsel has consulted with their damages consultants and others. This Plan of Allocation is intended to be generally consistent with an assessment of, among other things, the damages that Lead Plaintiff and Lead Counsel believe could have been recovered had they prevailed at trial. The Plan of Allocation is not intended to and does not exactly replicate such assessment of damages, however. Certain Class Members who may not have had recoverable damages at trial may be eligible to receive a distribution under the Plan of Allocation.

Because the Net Settlement Fund is likely less than the total losses suffered by Class Members, the formulas described below for calculating Recognized Losses are not intended to estimate the amount that will actually be paid to Authorized Claimants. Rather, these formulas provide the basis on which the Net Settlement Fund will be distributed among Authorized Claimants.

A "Recognized Claim" will be calculated using the formulas set forth below for each purchase or acquisition of K12's publicly traded common stock listed in the claim form that occurred during the Class Period and for which adequate documentation is provided. The Recognized Claim for a claimant's transactions will be calculated by the Claims Administrator in consultation with Lead Counsel in accordance with the provisions of this Plan of Allocation, or another plan approved by the Court.

B. Additional Definitions

This Plan of Allocation is based on the following principles and additional definitions (listed alphabetically), among others:

1. "Inflation" is the amount by which the price of K12 common stock was overvalued on each day in the Class Period because of the alleged misrepresentations and omissions.
2. "Inflation Loss" is the amount of loss calculated based on the amount of Inflation in the price of K12 common stock based on the methodology described below.
3. A "Net Trading Loss (Gain)" for each Claimant will be computed by adding up all Trading Losses and subtracting all Trading Gains for all transactions in K12 common stock by such Claimant that qualify to participate in the Plan of Allocation as described herein.
4. The "PSLRA 90-Day Lookback Period" is the period of ninety calendar days beginning on the trading day following the end of the Class Period from Tuesday, December 13, 2011 through Friday, March 9, 2012 (because March 11, 2012 falls on a Sunday, the PSLRA 90-Day Lookback Price is measured through March 9, 2012).
5. The "PSLRA 90-Day Lookback Price" is the average of the closing prices for K12 common stock over the PSLRA 90-Day Lookback Period and equals $20.90 per share.
6. A "purchase" is the acquisition of K12 common stock by any means other than a gift, inheritance, or operation of law (as discussed below) or a purchase transaction conducted for the purpose of covering a "short sale" transaction.
7. "Purchase Amount" is the Purchase Price Per Share multiplied by the number of shares of K12 common stock purchased by a Claimant during the Class Period.
8. "Purchase Price Per Share" is the amount paid per share by a Claimant to purchase shares of K12 common stock.
9. "Recognized Claim" is the amount of the Net Settlement Fund that an Authorized Claimant is entitled to after calculation of the Authorized Claimant's *pro rata* share of the Net Settlement Fund.
10. "Recognized Loss" is the amount of a claim under this Plan of Allocation and is the number used to calculate an Authorized Claimant's Recognized Claim.
11. A "sale" is the disposition of K12 common stock by any means other than a gift, inheritance or operation of law (as discussed below) or a "short sale" transaction.
12. "Sale Price Per Share" is the amount received per share by a Claimant upon the sale of shares of K12 common stock.
13. "Sales Proceeds" equals the number of shares of K12 common stock purchased during the Class Period by a Claimant multiplied by (i) Sale Price Per Share if sold during the Class Period or the PSLRA 90-Day Lookback Period; or (ii) the PSLRA 90-Day Lookback Price of $20.90 per share, if unsold at the end of the PSLRA 90-Day Lookback Period.
14. A "Total Inflation Loss" for each Claimant will be computed by adding up all Inflation Losses for all transactions in K12 common stock by such Claimant that qualify to participate in the Plan of Allocation as described herein.
15. "Trading Gain" means the amount by which the Sales Proceeds exceeds the Purchase Amount for each transaction by a Claimant in K12 common stock.
16. "Trading Loss" means the amount by which the Purchase Amount exceeds the Sales Proceeds for each transaction by a Claimant in K12 common stock.

C. Principles

1. Authorized Claimants: Authorized Claimants must have purchased or otherwise acquired shares of K12 common stock between September 9, 2009 and December 12, 2011, inclusive (the "Class Period"). Further, in order for the Authorized Claimant to share in the distribution of the Net Settlement Fund, the market price of K12 common stock must have declined due to disclosure of the alleged misrepresentations and omissions. In order for an Authorized Claimant to share in the distribution, the shares of K12 common stock must have been either (a) purchased during the Class Period prior to the close of trading on November 16, 2011 (the date of the first corrective disclosure) and held until at least until the close of trading on November 16, 2011, or (b) purchased on or after November 17, 2011 and held until at least the close of trading on December 12, 2011 (the day before the second and final corrective disclosure); and, in either case, the Authorized Claimant must have suffered a Net Trading Loss as described below.

2. FIFO Matching: For purposes of computing Inflation Losses, and Trading Losses (Gains) for a Claimant's multiple purchases or sales of K12 common stock, purchases will be matched to sales using the "first-in/first out" (FIFO) inventory method, which matches sales to purchases based on the dates of those transactions. Specifically, when any Proof of Claim includes a sale of

shares of K12 common stock either during the Class Period or the PSLRA 90-Day Lookback Period, the earliest sale will be matched first against the Claimant's opening position on the first day of the Class Period, if any, and then matched chronologically thereafter against each purchase or acquisition during the Class Period. Sales matched to shares of K12 common stock from a Claimant's opening position are excluded from the calculation of Inflation Loss and Trading Loss (Gain). In addition, all sales prior to November 17, 2011 and purchases matched to such sales are excluded from the calculation of Inflation Loss. Note: Short sales and purchases to cover short sales (whether they occurred before, during, or after the Class Period) are not included when calculating Inflation Loss or Trading Loss (Gain).

3. Effect of shares acquired from the exercise of call options: K12 common stock acquired during the Class Period through the exercise of an exchange-traded call option shall be treated as a purchase of K12 common stock on the date of exercise. The purchase price paid for such stock shall be the closing price of K12 common stock on the date of exercise.

4. Effect of shares disposed of from the exercise of put options: K12 common stock delivered during the Class Period or the PSLRA 90-Day Lookback Period pursuant to the exercise of an exchange-traded put option shall be treated as a sale of K12 common stock on the date of exercise. The sale price received for such stock shall be the closing price of K12 common stock on the date of exercise.

5. Treatment of acquisition of shares of K12 common stock by means of a gift, inheritance or operation of law: If a Claimant acquired shares of K12 common stock by means of a gift, inheritance or operation of law, the purchase date for that acquisition will be the original date of purchase and not the date of transfer, unless the transfer resulted in a taxable event or other change in the cost basis of those shares of K12 common stock. To the extent that any share of K12 common stock that was sold during the Class Period or the PSLRA 90-Day Lookback Period and was originally purchased prior to the beginning of or after the end of the Class Period, and there was no taxable event or change in cost basis at the time of transfer during the Class Period, the Class Member's Inflation Loss and Trading Loss for that acquisition shall be zero.

6. Treatment of disposition of shares of K12 common stock by means of a gift, inheritance or operation of law: If a Claimant disposed of shares of K12 common stock by means of a gift, inheritance or operation of law, the sale date for that disposition will be the date of sale by the Transferee and not the date of transfer, unless the transfer resulted in a taxable event or other change in the cost basis of those shares of K12 common stock. To the extent that a share of K12 common stock that was purchased during the Class Period and was disposed of by means of a gift, inheritance or operation of law during the Class Period or the PSLRA 90-Day Lookback Period and the Transferee did not subsequently sell those shares during the Class Period or the PSLRA 90-Day Lookback Period, and there was no taxable event or change in cost basis at the time of transfer during the Class Period, the Class Member's Inflation Loss and Trading Loss for that disposition shall be zero.

D. Computation of Inflation Loss and Trading Loss

1. Inflation Loss

For each purchase of K12 common stock during the Class Period, the Inflation Loss for each purchase transaction will be computed (using FIFO matching of purchases to sales) as follows:

i) If purchased during the Class Period on or before November 16, 2011 and:

a) *if sold on or before November 16, 2011*, the last day before the first corrective disclosure that reduced the amount of inflation in K12 stock price, the Inflation Loss for purchased shares matched to such sales is zero;

b) *if sold after November 16, 2011 but on or before December 12, 2011*, the last day before the amount of inflation in K12 stock price was reduced from the second and final corrective disclosure, the Inflation Loss equals the number of shares purchased matched to such sales in such transaction multiplied by the lesser of: (i) the difference between the inflation per share on the date of purchase as shown in Exhibit 1 and the inflation per share on the date of sale as shown in Exhibit 1; (ii) $1.13 per share, the amount of inflation removed from K12 stock price on November 17, 2011; or (iii) the difference between the purchase price per share and the sale price per share;

c) *if sold after December 12, 2011 but on or before March 9, 2012*, the Inflation Loss equals the number of shares purchased matched to such sales in such transaction multiplied by the lesser of: (i) the inflation per share on the date of purchase as shown in Exhibit 1; (ii) $7.47 per share, the amount of inflation removed from K12 stock price on November 17, 2011 and December 13, 2011; or (iii) the difference between the purchase price per share and the sale price per share;

d) *if held as of the close of trading on March 9, 2012*, the Inflation Loss equals the number of shares purchased matched to such shares held in such transaction multiplied by the lesser of: (i) the inflation per share on the date of purchase as shown in Exhibit 1; (ii) $7.47 per share, the amount of inflation removed from K12 stock price on November 17, 2011 and December 13, 2011; or (iii) the difference between the purchase price per share and the PSLRA 90-Day Lookback Price of $20.90 per share.

ii) If purchased during the Class Period after November 16, 2011 and:

a) *if sold on or before December 12, 2011*, the last day before the amount of inflation in K12 stock price was reduced from the second and final corrective disclosure, the Inflation Loss for purchased shares matched to such sales is zero;

b) *if sold after December 12, 2011 but on or before March 9, 2012*, the Inflation Loss equals the number of shares purchased matched to such sales in such transaction multiplied by the lesser of: (i) the inflation per share on the date of purchase as shown in Exhibit 1; (ii) $6.34 per share, the amount of inflation removed from K12 stock price on December 13, 2011; or (iii) the difference between the purchase price per share and the sale price per share;

c) *if held as of the close of trading on March 9, 2012*, the Inflation Loss equals the number of shares purchased matched to such shares held in such transaction multiplied by the lesser of: (i) the inflation per share on the date of purchase as shown in Exhibit 1; (ii) $6.34 per share, the amount of inflation removed from K12 stock price on December 13, 2011; or (iii) the difference between the purchase price per share and the PSLRA 90-Day Lookback Price of $20.90 per share.

If the Inflation Loss is greater than zero, then the Claimant has an Inflation Loss for that purchase transaction.

If the Inflation Loss is less than zero, then the Claimant has no Inflation Loss for that purchase transaction.

Total Inflation Loss for a Claimant is the sum of all Inflation Losses for all transactions in K12 common stock.

If a Claimant has a Total Inflation Loss for a Claimant's purchases of K12 common stock, the Claims Administrator will then compute the Trading Loss (Gain), as indicated below.

2. Trading Loss (Gain)

For each purchase of K12 common stock during the Class Period, the Trading Loss (Gain) for each purchase transaction (using FIFO matching of purchases to sales) will be computed as follows:

a) *if sold on or before March 9, 2012*, the Trading Loss (Gain) equals the number of shares purchased matched to such sales in such transaction multiplied by the difference between the purchase price per share and the sale price per share; or

b) *if held as of the close of trading on March 9, 2012*, the Trading Loss (Gain) equals the number of shares purchased matched to such shares held in such transaction multiplied by the difference between the purchase price per share and the PSLRA 90-Day Lookback Price of $20.90 per share.

If the Trading Loss is greater than zero, then the Claimant has a Trading Loss for that purchase transaction.

If the Trading Loss is less than zero, then the Claimant has a Trading Gain (negative Trading Loss) for that purchase transaction.

Net Trading Loss (Gain) for each Claimant will be the sum of all Trading Losses and Trading Gains (negative Trading Losses) for all transactions in K12 common stock for that Claimant.

If a Claimant has a Net Trading Gain (Total Trading Gains exceed or are equal to Total Trading Losses) for the transactions in K12 common stock, the Claimant will not be eligible to receive a distribution from the Net Settlement Fund.

If there is a Total Inflation Loss and a Net Trading Loss for a Claimant's purchases of K12 common stock, the Claims Administrator will then compute the Recognized Loss (and Recognized Claim), as indicated below.

E. Recognized Loss and Recognized Claim

1. Recognized Loss

For transactions in K12 common stock, if a Claimant has a Total Inflation Loss and a Net Trading Loss, the Recognized Loss for each Claimant will be the **lesser** of such Claimant's: (i) Total Inflation Loss; or (ii) Net Trading Loss.

2. Recognized Claim

The Recognized Claim for an Authorized Claimant will be based on the Claimant's *pro rata* share of the Net Settlement Fund. The Claimant's Recognized Claim will be calculated by multiplying the Net Settlement Fund by a fraction, the numerator of which is the Claimant's Recognized Loss for transactions in K12 common stock and the denominator of which is the aggregate Recognized Losses of **all** Authorized Claimants for **all** transactions in K12 common stock.

F. Distribution of the Net Settlement Fund

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. Following an initial distribution of the Net Settlement Fund, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator will conduct a redistribution of any funds remaining in the Net Settlement Fund by reason of returned or uncashed checks or otherwise, to Authorized Claimants who have cashed their initial distribution checks, after payment from the Net Settlement Fund of any unpaid Taxes and costs or fees incurred in administering the funds, including for such redistribution. Additional redistributions may occur thereafter to Authorized Claimants if Lead Counsel, in consultation with the Claims Administrator, determines that additional redistribution is cost-effective. When it is determined that the redistribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance of the Net Settlement Fund shall be contributed to a non-sectarian, not-for-profit organization serving the public interest.

Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Eastern District of Virginia with respect to his, her or its Proof of Claim.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased or otherwise acquired K12's publicly traded common stock during the Class Period for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE, you either: (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or otherwise acquired K12's publicly traded common stock during such time period (preferably in an MS Excel data table, setting forth (i) title/registration, (ii) street address, (iii) city/state/zip; or electronically in MS Word) or; (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) calendar days of receipt of such copies send them by First-Class mail directly to the beneficial owners of those K12 common shares.

If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid after request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

K12, Inc. Securities Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9974
Dublin, OH 43017-5974
Phone: 1-866-282-3028
k12questions@gcginc.com
www.gcginc.com/cases/K12

Dated: April 5, 2013

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA

Exhibit 1

Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation
9/9/2009	$ 4.12	11/9/2009	$ 4.42	1/12/2010	$ 5.03	3/16/2010	$ 5.69	5/14/2010	$ 6.23	7/15/2010	$ 5.76
9/10/2009	$ 4.23	11/10/2009	$ 4.46	1/13/2010	$ 5.08	3/17/2010	$ 5.73	5/17/2010	$ 6.23	7/16/2010	$ 5.70
9/11/2009	$ 4.03	11/11/2009	$ 4.41	1/14/2010	$ 4.99	3/18/2010	$ 5.73	5/18/2010	$ 6.19	7/19/2010	$ 5.74
9/14/2009	$ 3.90	11/12/2009	$ 4.37	1/15/2010	$ 4.94	3/19/2010	$ 5.80	5/19/2010	$ 6.18	7/20/2010	$ 5.99
9/15/2009	$ 4.02	11/13/2009	$ 4.43	1/19/2010	$ 5.06	3/22/2010	$ 5.93	5/20/2010	$ 5.88	7/21/2010	$ 5.77
9/16/2009	$ 4.10	11/16/2009	$ 4.50	1/20/2010	$ 5.04	3/23/2010	$ 6.07	5/21/2010	$ 5.84	7/22/2010	$ 5.87
9/17/2009	$ 3.99	11/17/2009	$ 4.68	1/21/2010	$ 4.97	3/24/2010	$ 6.03	5/24/2010	$ 5.89	7/23/2010	$ 6.06
9/18/2009	$ 4.27	11/18/2009	$ 4.50	1/22/2010	$ 5.06	3/25/2010	$ 5.84	5/25/2010	$ 5.75	7/26/2010	$ 6.33
9/21/2009	$ 4.42	11/19/2009	$ 4.40	1/25/2010	$ 4.94	3/26/2010	$ 5.88	5/26/2010	$ 5.92	7/27/2010	$ 6.34
9/22/2009	$ 4.29	11/20/2009	$ 4.44	1/26/2010	$ 4.85	3/29/2010	$ 5.89	5/27/2010	$ 6.19	7/28/2010	$ 6.32
9/23/2009	$ 4.28	11/23/2009	$ 4.55	1/27/2010	$ 4.99	3/30/2010	$ 5.80	5/28/2010	$ 6.24	7/29/2010	$ 6.31
9/24/2009	$ 4.10	11/24/2009	$ 4.52	1/28/2010	$ 4.89	3/31/2010	$ 5.54	6/1/2010	$ 6.24	7/30/2010	$ 6.50
9/25/2009	$ 4.06	11/25/2009	$ 4.49	1/29/2010	$ 4.98	4/1/2010	$ 5.53	6/2/2010	$ 6.27	8/2/2010	$ 6.63
9/28/2009	$ 4.18	11/27/2009	$ 4.42	2/1/2010	$ 4.97	4/5/2010	$ 5.73	6/3/2010	$ 6.38	8/3/2010	$ 6.52
9/29/2009	$ 4.15	11/30/2009	$ 4.47	2/2/2010	$ 4.87	4/6/2010	$ 5.75	6/4/2010	$ 5.96	8/4/2010	$ 6.49
9/30/2009	$ 4.11	12/1/2009	$ 4.53	2/3/2010	$ 4.92	4/7/2010	$ 5.94	6/7/2010	$ 5.73	8/5/2010	$ 6.30
10/1/2009	$ 4.00	12/2/2009	$ 4.58	2/4/2010	$ 4.77	4/8/2010	$ 5.88	6/8/2010	$ 5.57	8/6/2010	$ 6.26
10/2/2009	$ 4.14	12/3/2009	$ 4.49	2/5/2010	$ 4.79	4/9/2010	$ 5.79	6/9/2010	$ 5.83	8/9/2010	$ 6.46
10/5/2009	$ 4.14	12/4/2009	$ 4.62	2/8/2010	$ 4.73	4/12/2010	$ 5.82	6/10/2010	$ 5.99	8/10/2010	$ 6.37
10/6/2009	$ 4.30	12/7/2009	$ 4.64	2/9/2010	$ 4.71	4/13/2010	$ 5.99	6/11/2010	$ 6.02	8/11/2010	$ 6.22
10/7/2009	$ 4.43	12/8/2009	$ 4.74	2/10/2010	$ 4.60	4/14/2010	$ 6.20	6/14/2010	$ 6.15	8/12/2010	$ 6.15
10/8/2009	$ 4.65	12/9/2009	$ 4.77	2/11/2010	$ 4.60	4/15/2010	$ 6.23	6/15/2010	$ 6.25	8/13/2010	$ 5.88
10/9/2009	$ 4.75	12/10/2009	$ 4.68	2/12/2010	$ 4.70	4/16/2010	$ 6.30	6/16/2010	$ 6.24	8/16/2010	$ 5.96
10/12/2009	$ 4.75	12/11/2009	$ 4.82	2/16/2010	$ 4.83	4/19/2010	$ 6.09	6/17/2010	$ 6.30	8/17/2010	$ 5.96
10/13/2009	$ 4.65	12/14/2009	$ 5.13	2/17/2010	$ 4.88	4/20/2010	$ 6.13	6/18/2010	$ 6.18	8/18/2010	$ 5.97
10/14/2009	$ 4.88	12/15/2009	$ 5.04	2/18/2010	$ 4.96	4/21/2010	$ 6.24	6/21/2010	$ 6.26	8/19/2010	$ 5.91
10/15/2009	$ 4.71	12/16/2009	$ 4.97	2/19/2010	$ 4.92	4/22/2010	$ 6.26	6/22/2010	$ 5.91	8/20/2010	$ 5.94
10/16/2009	$ 4.64	12/17/2009	$ 4.92	2/22/2010	$ 4.99	4/23/2010	$ 6.24	6/23/2010	$ 5.79	8/23/2010	$ 5.84
10/19/2009	$ 4.40	12/18/2009	$ 4.91	2/23/2010	$ 4.95	4/26/2010	$ 6.19	6/24/2010	$ 5.84	8/24/2010	$ 5.74
10/20/2009	$ 4.51	12/21/2009	$ 4.94	2/24/2010	$ 5.00	4/27/2010	$ 6.15	6/25/2010	$ 5.90	8/25/2010	$ 5.88
10/21/2009	$ 4.41	12/22/2009	$ 4.99	2/25/2010	$ 5.03	4/28/2010	$ 6.07	6/28/2010	$ 5.96	8/26/2010	$ 5.99
10/22/2009	$ 4.47	12/23/2009	$ 5.03	2/26/2010	$ 5.02	4/29/2010	$ 6.17	6/29/2010	$ 5.74	8/27/2010	$ 6.25
10/23/2009	$ 4.36	12/24/2009	$ 4.87	3/1/2010	$ 5.15	4/30/2010	$ 5.90	6/30/2010	$ 5.53	8/30/2010	$ 5.94
10/26/2009	$ 4.26	12/28/2009	$ 4.97	3/2/2010	$ 5.24	5/3/2010	$ 6.03	7/1/2010	$ 5.49	8/31/2010	$ 5.77
10/27/2009	$ 4.25	12/29/2009	$ 5.05	3/3/2010	$ 5.30	5/4/2010	$ 5.91	7/2/2010	$ 5.43	9/1/2010	$ 5.84
10/28/2009	$ 4.08	12/30/2009	$ 5.04	3/4/2010	$ 5.39	5/5/2010	$ 5.84	7/6/2010	$ 5.34	9/2/2010	$ 5.79
10/29/2009	$ 4.05	12/31/2009	$ 5.05	3/5/2010	$ 5.54	5/6/2010	$ 5.77	7/7/2010	$ 5.46	9/3/2010	$ 6.07
10/30/2009	$ 4.00	1/4/2010	$ 4.93	3/8/2010	$ 5.51	5/7/2010	$ 5.58	7/8/2010	$ 5.64	9/7/2010	$ 5.93
11/2/2009	$ 4.02	1/5/2010	$ 4.85	3/9/2010	$ 5.62	5/10/2010	$ 5.77	7/9/2010	$ 5.73	9/8/2010	$ 6.00
11/3/2009	$ 3.95	1/6/2010	$ 5.00	3/10/2010	$ 5.64	5/11/2010	$ 5.97	7/12/2010	$ 5.67	9/9/2010	$ 5.98
11/4/2009	$ 3.94	1/7/2010	$ 5.10	3/11/2010	$ 5.64	5/12/2010	$ 6.05	7/13/2010	$ 5.80	9/10/2010	$ 5.96
11/5/2009	$ 3.94	1/8/2010	$ 5.03	3/12/2010	$ 5.64	5/13/2010	$ 6.23	7/14/2010	$ 5.75	9/13/2010	$ 6.47
11/6/2009	$ 4.47	1/11/2010	$ 5.05	3/15/2010	$ 5.69						

Exhibit 1

Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation
9/14/2010	$ 6.54	11/11/2010	$ 6.23	1/12/2011	$ 7.67	3/15/2011	$ 8.08	5/13/2011	$ 9.12	7/14/2011	$ 8.47
9/15/2010	$ 6.59	11/12/2010	$ 6.11	1/13/2011	$ 7.61	3/16/2011	$ 8.12	5/16/2011	$ 8.73	7/15/2011	$ 8.47
9/16/2010	$ 6.56	11/15/2010	$ 6.09	1/14/2011	$ 7.73	3/17/2011	$ 8.03	5/17/2011	$ 8.63	7/18/2011	$ 8.35
9/17/2010	$ 6.85	11/16/2010	$ 5.96	1/18/2011	$ 7.63	3/18/2011	$ 8.07	5/18/2011	$ 8.61	7/19/2011	$ 8.51
9/20/2010	$ 7.11	11/17/2010	$ 5.84	1/19/2011	$ 7.49	3/21/2011	$ 8.25	5/19/2011	$ 8.59	7/20/2011	$ 8.45
9/21/2010	$ 7.13	11/18/2010	$ 6.00	1/20/2011	$ 7.48	3/22/2011	$ 8.14	5/20/2011	$ 8.56	7/21/2011	$ 8.56
9/22/2010	$ 7.13	11/19/2010	$ 6.24	1/21/2011	$ 7.40	3/23/2011	$ 8.29	5/23/2011	$ 8.34	7/22/2011	$ 8.67
9/23/2010	$ 7.11	11/22/2010	$ 6.26	1/24/2011	$ 7.43	3/24/2011	$ 8.24	5/24/2011	$ 8.37	7/25/2011	$ 8.50
9/24/2010	$ 7.29	11/23/2010	$ 6.24	1/25/2011	$ 7.23	3/25/2011	$ 8.29	5/25/2011	$ 8.41	7/26/2011	$ 8.39
9/27/2010	$ 7.19	11/24/2010	$ 6.38	1/26/2011	$ 7.16	3/28/2011	$ 8.24	5/26/2011	$ 8.49	7/27/2011	$ 7.93
9/28/2010	$ 7.22	11/26/2010	$ 6.41	1/27/2011	$ 7.11	3/29/2011	$ 8.32	5/27/2011	$ 8.59	7/28/2011	$ 7.90
9/29/2010	$ 7.23	11/29/2010	$ 6.39	1/28/2011	$ 6.90	3/30/2011	$ 8.40	5/31/2011	$ 8.68	7/29/2011	$ 8.00
9/30/2010	$ 7.24	11/30/2010	$ 6.39	1/31/2011	$ 6.80	3/31/2011	$ 8.40	6/1/2011	$ 8.29	8/1/2011	$ 7.96
10/1/2010	$ 7.23	12/1/2010	$ 6.46	2/1/2011	$ 6.94	4/1/2011	$ 8.63	6/2/2011	$ 8.41	8/2/2011	$ 7.62
10/4/2010	$ 7.20	12/2/2010	$ 6.49	2/2/2011	$ 6.96	4/4/2011	$ 8.75	6/3/2011	$ 8.33	8/3/2011	$ 7.50
10/5/2010	$ 7.25	12/3/2010	$ 6.50	2/3/2011	$ 6.98	4/5/2011	$ 8.86	6/6/2011	$ 8.22	8/4/2011	$ 7.18
10/6/2010	$ 7.13	12/6/2010	$ 6.69	2/4/2011	$ 6.98	4/6/2011	$ 8.93	6/7/2011	$ 8.22	8/5/2011	$ 6.97
10/7/2010	$ 7.12	12/7/2010	$ 6.61	2/7/2011	$ 7.06	4/7/2011	$ 8.84	6/8/2011	$ 8.05	8/8/2011	$ 6.37
10/8/2010	$ 6.87	12/8/2010	$ 6.61	2/8/2011	$ 7.07	4/8/2011	$ 8.85	6/9/2011	$ 8.23	8/9/2011	$ 6.71
10/11/2010	$ 6.86	12/9/2010	$ 6.59	2/9/2011	$ 7.73	4/11/2011	$ 8.77	6/10/2011	$ 8.16	8/10/2011	$ 6.39
10/12/2010	$ 6.79	12/10/2010	$ 6.72	2/10/2011	$ 8.02	4/12/2011	$ 8.54	6/13/2011	$ 8.06	8/11/2011	$ 6.67
10/13/2010	$ 7.11	12/13/2010	$ 6.73	2/11/2011	$ 8.02	4/13/2011	$ 8.52	6/14/2011	$ 8.11	8/12/2011	$ 6.68
10/14/2010	$ 6.99	12/14/2010	$ 6.73	2/14/2011	$ 8.08	4/14/2011	$ 8.52	6/15/2011	$ 8.04	8/15/2011	$ 6.78
10/15/2010	$ 6.86	12/15/2010	$ 6.65	2/15/2011	$ 8.08	4/15/2011	$ 8.99	6/16/2011	$ 8.11	8/16/2011	$ 6.62
10/18/2010	$ 6.99	12/16/2010	$ 6.73	2/16/2011	$ 8.30	4/18/2011	$ 9.10	6/17/2011	$ 8.09	8/17/2011	$ 6.69
10/19/2010	$ 6.77	12/17/2010	$ 6.81	2/17/2011	$ 8.44	4/19/2011	$ 9.35	6/20/2011	$ 8.12	8/18/2011	$ 5.99
10/20/2010	$ 6.90	12/20/2010	$ 6.87	2/18/2011	$ 8.42	4/20/2011	$ 9.60	6/21/2011	$ 8.20	8/19/2011	$ 5.92
10/21/2010	$ 6.75	12/21/2010	$ 6.91	2/22/2011	$ 8.05	4/21/2011	$ 9.56	6/22/2011	$ 7.98	8/22/2011	$ 5.88
10/22/2010	$ 6.97	12/22/2010	$ 6.94	2/23/2011	$ 8.04	4/25/2011	$ 9.60	6/23/2011	$ 8.04	8/23/2011	$ 6.25
10/25/2010	$ 7.08	12/23/2010	$ 6.93	2/24/2011	$ 8.23	4/26/2011	$ 9.64	6/24/2011	$ 8.04	8/24/2011	$ 6.36
10/26/2010	$ 7.08	12/27/2010	$ 7.00	2/25/2011	$ 8.48	4/27/2011	$ 9.67	6/27/2011	$ 8.07	8/25/2011	$ 6.36
10/27/2010	$ 7.01	12/28/2010	$ 7.06	2/28/2011	$ 8.39	4/28/2011	$ 9.66	6/28/2011	$ 8.19	8/26/2011	$ 6.48
10/28/2010	$ 7.00	12/29/2010	$ 7.08	3/1/2011	$ 8.30	4/29/2011	$ 9.82	6/29/2011	$ 8.17	8/29/2011	$ 6.71
10/29/2010	$ 6.96	12/30/2010	$ 7.11	3/2/2011	$ 8.19	5/2/2011	$ 9.55	6/30/2011	$ 8.26	8/30/2011	$ 6.85
11/1/2010	$ 6.90	12/31/2010	$ 7.15	3/3/2011	$ 8.38	5/3/2011	$ 9.41	7/1/2011	$ 8.48	8/31/2011	$ 6.70
11/2/2010	$ 7.04	1/3/2011	$ 7.33	3/4/2011	$ 8.26	5/4/2011	$ 9.18	7/5/2011	$ 8.45	9/1/2011	$ 6.67
11/3/2010	$ 7.04	1/4/2011	$ 7.34	3/7/2011	$ 8.19	5/5/2011	$ 9.09	7/6/2011	$ 8.55	9/2/2011	$ 6.39
11/4/2010	$ 7.00	1/5/2011	$ 7.43	3/8/2011	$ 8.33	5/6/2011	$ 9.14	7/7/2011	$ 8.70	9/6/2011	$ 6.46
11/5/2010	$ 7.05	1/6/2011	$ 7.65	3/9/2011	$ 8.24	5/9/2011	$ 9.15	7/8/2011	$ 8.70	9/7/2011	$ 6.86
11/8/2010	$ 7.02	1/7/2011	$ 7.79	3/10/2011	$ 8.22	5/10/2011	$ 8.82	7/11/2011	$ 8.52	9/8/2011	$ 6.78
11/9/2010	$ 6.21	1/10/2011	$ 7.82	3/11/2011	$ 8.03	5/11/2011	$ 8.82	7/12/2011	$ 8.63	9/9/2011	$ 6.57
11/10/2010	$ 6.24	1/11/2011	$ 7.70	3/14/2011	$ 8.09	5/12/2011	$ 9.25	7/13/2011	$ 8.67	9/12/2011	$ 6.49

Exhibit 1			
Date	**Inflation**	**Date**	**Inflation**
9/13/2011	$ 6.41	11/10/2011	$ 8.48
9/14/2011	$ 6.57	11/11/2011	$ 8.49
9/15/2011	$ 6.75	11/14/2011	$ 8.40
9/16/2011	$ 6.90	11/15/2011	$ 7.76
9/19/2011	$ 6.86	11/16/2011	$ 7.59
9/20/2011	$ 6.89	11/17/2011	$ 6.32
9/21/2011	$ 6.71	11/18/2011	$ 5.83
9/22/2011	$ 6.44	11/21/2011	$ 5.49
9/23/2011	$ 6.40	11/22/2011	$ 5.45
9/26/2011	$ 6.62	11/23/2011	$ 5.28
9/27/2011	$ 6.71	11/25/2011	$ 5.19
9/28/2011	$ 6.52	11/28/2011	$ 5.38
9/29/2011	$ 6.63	11/29/2011	$ 5.23
9/30/2011	$ 6.35	11/30/2011	$ 5.50
10/3/2011	$ 6.35	12/1/2011	$ 5.55
10/4/2011	$ 6.60	12/2/2011	$ 5.85
10/5/2011	$ 6.98	12/5/2011	$ 6.04
10/6/2011	$ 7.18	12/6/2011	$ 6.09
10/7/2011	$ 6.78	12/7/2011	$ 6.11
10/10/2011	$ 7.74	12/8/2011	$ 6.12
10/11/2011	$ 7.94	12/9/2011	$ 6.31
10/12/2011	$ 7.97	12/12/2011	$ 6.34
10/13/2011	$ 7.92		
10/14/2011	$ 8.07		
10/17/2011	$ 7.67		
10/18/2011	$ 7.97		
10/19/2011	$ 7.93		
10/20/2011	$ 7.90		
10/21/2011	$ 8.10		
10/24/2011	$ 8.67		
10/25/2011	$ 8.48		
10/26/2011	$ 8.69		
10/27/2011	$ 9.19		
10/28/2011	$ 9.11		
10/31/2011	$ 8.74		
11/1/2011	$ 8.48		
11/2/2011	$ 8.73		
11/3/2011	$ 9.00		
11/4/2011	$ 9.07		
11/7/2011	$ 9.05		
11/8/2011	$ 9.17		
11/9/2011	$ 8.61		

Must Be Postmarked No Later Than August 3, 2013

K12

K12, Inc. Securities Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9974
Dublin, OH 43017-5974
1-866-282-3028
www.gcginc.com/cases/K12

Claim Number:

Control Number:

PROOF OF CLAIM AND RELEASE

To recover from the Net Settlement Fund as a Member of the Class in the action entitled *Hoppaugh vs. K12, Inc. Civ. A. No. 1:12-cv-00103-CMH-IDD (E.D. Va.)*, you must complete and, on page 5 below, sign this Proof of Claim and Release form ("Proof of Claim"). If you fail to submit a timely, properly completed and addressed Proof of Claim, your claim may be rejected and you may be precluded from any recovery from the Settlement Fund created in connection with the Settlement of the Action. Submission of this Proof of Claim, however, does not assure that you will share in the Settlement Fund.

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Important - *This form should be completed IN CAPITAL LETTERS using BLACK or DARK BLUE ballpoint/fountain pen. Characters and marks used should be similar in the style to the following:*

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z 1 2 3 4 5 6 7 0

PART I - CLAIMANT IDENTIFICATION

LAST NAME (CLAIMANT)

FIRST NAME (CLAIMANT)

Last Name (Beneficial Owner if Different From Claimant)

First Name (Beneficial Owner)

Last Four Digits of the Beneficial Owner's Employer Identification Number or Social Security Number[1]

Last Name (Co-Beneficial Owner)

First Name (Co-Beneficial Owner)

Company/Other Entity (If Claimant Is Not an Individual)

Contact Person (If Claimant is Not an Individual)

Trustee/Nominee/Other

Account Number (If Claimant Is Not an Individual)

Trust/Other Date (If Applicable)

Address Line 1

Address Line 2 (If Applicable)

City

State

Zip Code

Foreign Province

Foreign Country

Foreign Zip Code

Telephone Number (Day) – –

Telephone Number (Night) – –

Email Address **(Email address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim.)**

IDENTITY OF CLAIMANT (check only one box):

- ☐ **Individual**
- ☐ **Joint Owners**
- ☐ **Estate**
- ☐ **Corporation**
- ☐ **Trust**
- ☐ **Partnership**
- ☐ **Private Pension Fund**
- ☐ **Legal Representative**
- ☐ **IRA, Keogh, or other type of individual retirement plan** **(indicate type of plan, mailing address, and name of current custodian)**
- ☐ **Other** **(specify, describe on separate sheet)**

NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request to, or may be requested to, submit information regarding their transactions in electronic files. To obtain the mandatory electronic filing requirements and file layout, you may visit the website at www.gcginc.com or you may email the Claims Administrator at eClaim@gcginc.com. Any file not in accordance with the required electronic filing format will be subject to rejection. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues an email after processing your file with your claim numbers and respective account information. Do not assume that your file has been received or processed until you receive this email. If you do not receive such an email within 10 days of your submission, you should contact the electronic filing department at eClaim@gcginc.com to inquire about your file and confirm it was received and acceptable.

To view GCG's Privacy Notice, please visit http://www.gcginc.com/pages/privacy-policy.php

[1]The last four digits of the taxpayer identification number (TIN), consisting of a valid Social Security Number (SSN) for individuals or Employer Identification Number (EIN) for business entities, trusts, estates, etc., and telephone number of the beneficial owner(s) may be used in verifying this claim.

PART II - GENERAL INSTRUCTIONS

YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM POSTMARKED ON OR BEFORE AUGUST 3, 2013, ADDRESSED AS FOLLOWS:

K12, Inc. Securities Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9974
Dublin, OH 43017-5974

If you are NOT a Member of the Class (as defined in the Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses (the "Notice")) DO NOT submit a Proof of Claim.

If you are a Member of the Class and you have not timely requested exclusion, you will be bound by the terms of the Judgment entered in the Action, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM.

DEFINITIONS

All capitalized terms not otherwise defined in this form shall have the same meaning as set forth in the Notice which accompanies this Proof of Claim and the Stipulation and Agreement of Settlement dated as of March 4, 2013.

IDENTIFICATION OF CLAIMANT

If you purchased or otherwise acquired the publicly traded common stock of K12, Inc. ("K12") during the period from September 9, 2009 to December 12, 2011, inclusive (the "Class Period") and held the stock in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased or otherwise acquired the publicly traded common stock of K12 during the Class Period through a third party, such as a nominee or brokerage firm, you are the beneficial purchaser of these securities, but the third party is the record purchaser of these securities.

Use Part I of this form entitled "Claimant Identification" to identify each beneficial purchaser of K12 publicly traded common stock that forms the basis of this claim. THIS CLAIM MUST BE SUBMITTED BY THE ACTUAL BENEFICIAL PURCHASER(S) OR AUTHORIZED OR LEGAL REPRESENTATIVE(S) OF SUCH PURCHASER(S) OF THE PUBLICLY TRADED K12 COMMON STOCK UPON WHICH THIS CLAIM IS BASED.

All joint beneficial purchasers must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of Persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The last 4 digits of the Social Security (or taxpayer identification) number and telephone number of one of the beneficial owner(s) may be used in verifying this claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of your claim. If you need help completing this claim form, you may contact the Claims Administrator for assistance: 1-866-282-3028 or www.gcginc.com/cases/K12.

IDENTIFICATION OF TRANSACTION(S)

Use Part III of this form to supply all required details of your transaction(s) in the publicly traded common stock of K12. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

On the schedules, provide all of the requested information with respect to: (i) ***all*** of your holdings of publicly traded common stock of K12 as of the beginning of trading on September 9, 2009; (ii) ***all*** of your purchases, other acquisitions and sales of publicly traded common stock of K12 which took place at any time beginning September 9, 2009 through and including March 9, 2012; and (iii) proof of your holdings of publicly traded common stock of K12 as of the close of trading on March 9, 2012, whether such purchases, acquisitions, sales or transactions resulted in a profit or a loss. Failure to report all such transactions may result in the rejection of your claim.

List each purchase, acquisition, sale and transaction during the relevant period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day and year of each such transaction you list.

Copies of broker confirmations or other documentation of your purchases, acquisitions, sales or transactions in publicly traded K12 common stock should be attached to your claim. **DO NOT SEND ORIGINALS OR HIGHLIGHT THE COPIES.** Failure to provide this documentation could delay verification of your claim or result in rejection of your claim. The Claims Administrator may also request additional information as requested to efficiently and reliably calculate your losses.

If you need help, you may ask the Claims Administrator for assistance: 1-866-282-3028 or www.gcginc.com/cases/K12. Although the Claims Administrator does not have information about your transactions in K12 publicly traded common stock, someone will be able to help you with the process of locating your information.

PART III - SCHEDULE OF TRANSACTIONS IN K12 COMMON STOCK

A. **BEGINNING HOLDINGS:** Number of shares of publicly traded K12 common stock held at the beginning of trading on **September 9, 2009** (If none, write "zero" or "0").

Shares

B. **PURCHASES/ACQUISITIONS:** Purchases or acquisitions of publicly traded K12 common stock between **September 9, 2009** and **December 12, 2011**, inclusive (Must be documented).

Trade Date List Chronologically (Month/Day /Year)	Number of Shares Purchased or Acquired	Price Per Share	Total Purchase Price (Excluding taxes, fees, and commissions)
/ /		.	.
/ /		.	.
/ /		.	.
/ /		.	.
/ /		.	.

C. **PURCHASES/ACQUISITIONS:** Number of shares of publicly traded K12 common stock purchased or acquired between **December 13, 2011** and **March 9, 2012**, inclusive (If none, write "zero" or "0").

Shares

D. **SALES:** Sales (from **September 9, 2009** to **March 9, 2012**, inclusive) of publicly traded K12 common stock (Must be documented).

Trade Date List Chronologically (Month/Day /Year)	Number of Shares Sold	Price Per Share	Total Sale Price (Excluding taxes, fees, and commissions)
/ /		.	.
/ /		.	.
/ /		.	.
/ /		.	.
/ /		.	.

E. **ENDING HOLDINGS:** Number of shares of publicly traded K12 common stock held at the close of trading on **March 9, 2012** (Must be documented).

Shares

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST PHOTOCOPY THIS PAGE AND CHECK THIS BOX ☐

IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED

PART IV - SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim under the terms of the Stipulation and Agreement of Settlement ("Stipulation") described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Eastern District of Virginia, Alexandria Division with respect to my (our) claim as a Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I (we) will be bound by and subject to the terms of any Final Order and Judgment that may be entered in the Action. I (We) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (We) have not submitted any other claim covering the same purchases, acquisitions or sales or holdings of publicly traded K12 common stock during the relevant period and know of no other Person having done so on my (our) behalf.

PART V - RELEASE AND CERTIFICATION

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge from the Released Claims each and all of the Released Defendant Parties as those terms and terms related thereto are defined in the accompanying Notice.

2. This release shall be of no force or effect unless and until the Court approves the Stipulation and the Effective Date (as defined in the Stipulation) has occurred.

3. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

4. I (We) hereby warrant and represent that I (we) have included information about all of my (our) purchases, acquisitions, and sales and other transactions in publicly traded K12 common stock that occurred during the relevant time periods and the number of shares of publicly traded K12 common stock held by me (us) at the relevant time periods.

5. I (We) hereby warrant and represent that I (we) am (are) not excluded from the Class as defined herein and in the Notice.

6. The number(s) shown on this form is (are) from the correct SSN/TIN.

I (We) declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this _____ day of _____ in _____.
(Month) (Year) (City, State, Country)

_____ _____
Signature of Claimant Date

_____
Print your name here

_____ _____
Signature of Joint Claimant, if any Date

_____
Print your name here

_____
Capacity of person signing on behalf of Claimant, if other than an individual, *e.g.*, executor, president, custodian, etc.

REMINDER CHECKLIST

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

1. Please sign the Proof of Claim and Release.

2. If this claim is made on behalf of Joint Claimants, then both must sign.

3. DO NOT SEND ORIGINALS OF ANY SUPPORTING DOCUMENTS.

4. Keep a copy of your completed Proof of Claim and all documentation submitted for your records.

5. The Claims Administrator will acknowledge receipt of your Proof of Claim by mail, within 60 days. Your claim is not deemed filed until you receive an acknowledgment postcard. If you do not receive an acknowledgment postcard within 60 days, please call the Claims Administrator toll free at 1-866-282-3028.

6. If you move, you must send the Claims Administrator your new address. Otherwise, any funds allocated to your claim are subject to forfeiture.

7. **Do not use highlighter on the Proof of Claim or supporting documentation.**

8. If you have any questions or concerns regarding your Proof of Claim, please contact the Claims Administrator at the address listed below or at 1-866-282-3028, or visit www.gcginc.com/cases/K12.

THIS PROOF OF CLAIM MUST BE POSTMARKED ON OR BEFORE
AUGUST 3, 2013 AND MUST BE MAILED TO:

K12, Inc. Securities Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9974
Dublin, OH 43017-5974

EXHIBIT B

INVESTOR'S BUSINESS DAILY®

Affidavit of Publication

Name of Publication:	Investor's Business Daily
Address:	12655 Beatrice Street
City, State, Zip:	Los Angeles, CA 90066
Phone #:	310.448.6700
State of:	California
County of:	Los Angeles

I, **Stephan Johnson**, for the publisher of **Investor's Business Daily,** published in the city of Los Angeles, state of California, county of Los Angeles hereby certify that the attached notice for **The Garden City Group, Inc.** was printed in said publication on the following date:

April 18th, 2013: K12, INC. SECURITIES LITIGATION

State of California
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 18th day of April, 2013,

by Stephan Johnson, proved to me on the basis of

satisfactory evidence to be the person(s) who appeared before me.

Signature Richard C. Brand II (Seal)

RICHARD C. BRAND II
Commission # 1923876
Notary Public - California
Los Angeles County
My Comm. Expires Feb 25, 2015

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

DAVID HOPPAUGH, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. K12 INC., RONALD J. PACKARD, and HARRY T. HAWKS, Defendants.	Civ. A. No. 1:12-cv-00103-CMH-IDD CLASS ACTION **SUMMARY NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT AND MOTION FOR ATTORNEYS' FEES AND EXPENSES**

TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED THE PUBLICLY TRADED COMMON STOCK OF K12 INC. ("K12") FROM SEPTEMBER 9, 2009 THROUGH DECEMBER 12, 2011, INCLUSIVE, AND WHO WERE DAMAGED THEREBY (THE "CLASS").

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the Court, that the above-captioned litigation ("Litigation") has been certified as a class action and that a settlement with K12, and Ronald J. Packard and Harry T. Hawks (the "Individual Defendants," and together with K12, the "Defendants"), in the amount of $6,750,000 in cash, has been proposed by the Parties. The Parties have also stipulated to the voluntary dismissal with prejudice of certain claims (the "Dismissal").

A hearing will be held before the Honorable Claude M. Hilton of the United States District Court for the Eastern District of Virginia in the Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, VA 22314 at 10:00 a.m., on July 19, 2013 to, among other things: determine whether the proposed Settlement and Dismissal should be approved by the Court as fair, reasonable, and adequate; determine whether the proposed Plan of Allocation for distribution of the settlement proceeds should be approved as fair and reasonable; and consider the application of Lead Counsel for an award of attorneys' fees and reimbursement of litigation expenses. The Court may change the date of the hearing without providing another notice.

IF YOU ARE A MEMBER OF THE CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED BY THE PENDING LITIGATION AND THE PROPOSED SETTLEMENT AND YOU MAY BE ENTITLED TO SHARE IN THE NET SETTLEMENT FUND. If you have not yet received the full printed Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses ("Notice") and a Proof of Claim and Release Form ("Proof of Claim"), you may obtain copies of these documents by contacting the Claims Administrator:

K12, Inc. Securities Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9974
Dublin, OH 43017-5974
Phone: 1-866-282-3028
k12questions@gcginc.com
www.gcginc.com/cases/K12

Inquiries, other than requests for information about the status of a claim, may also be made to Lead Counsel:

LABATON SUCHAROW LLP
Jonathan Gardner
140 Broadway
New York, NY 10005
Phone: 1-888-219-6877
www.labaton.com
settlementquestions@labaton.com

If you are a Class Member, to be eligible to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim **postmarked no later than August 3, 2013**. To exclude yourself from the Class, you must submit a written request for exclusion in accordance with the instructions set forth in the Notice so that it is **received no later than June 10, 2013**. If you are a Class Member and do not exclude yourself from the Class, you will be bound by the Final Order and Judgment of the Court. Any objections to the proposed Settlement, the voluntary dismissal, the Plan of Allocation, and/or application for attorneys' fees and reimbursement of expenses must be filed with the Court and served on counsel for the Parties in accordance with the instructions set forth in the Notice so that they are **received no later than June 10, 2013**. If you are a Class Member and do not timely submit a valid Proof of Claim, you will not be eligible to share in the Net Settlement Fund, but you nevertheless will be bound by the Final Order and Judgment of the Court.

DATED: April 18, 2013

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA

EXHIBIT C

Julie Meichsner

From: sfhubs@prnewswire.com
Sent: Thursday, April 18, 2013 6:01 AM
To: GCGBuyers; Julie Meichsner
Subject: PR Newswire: Press Release Clear Time Confirmation for Labaton Sucharow LLP. ID# 853128-1-1

PR NEWSWIRE EDITORIAL

Hello

Here's the clear time* confirmation for your news release:

Release headline: Labaton Sucharow LLP Announces Summary Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses in the K12, Inc. Securities Litigation
Word Count: 683
Product Summary:
US1
ReleaseWatch
Complimentary Press Release Optimization
PR Newswire's Editorial Order Number: 853128-1-1

Release clear time: 18-Apr-2013 09:00:00 AM

* Clear time represents the time your news release was distributed to the newswire distribution you selected.

We encourage you to register for UBM's Business4Better Conference and Expo, http://www.business4better.org, May 1-2, in Anaheim, CA. PR Newswire is very proud to be part of this initiative to bring together businesses and nonprofits to form mutually beneficial partnerships that have substantive impact on societal causes.

Thank you for choosing PR Newswire!
****
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For a list of worldwide offices, please visit http://prnewswire.mediaroom.com/index.php?s=29545

PR Newswire
United Business Media

PRINTTHIS

Labaton Sucharow LLP Announces Summary Notice of Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses in the K12, Inc. Securities Litigation

<

ALEXANDRIA, Va., April 18, 2013 /PRNewswire/ -- The following statement is being issued by Labaton Sucharow LLP regarding the K12, Inc. Securities Litigation

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

DAVID HOPPAUGH , Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs.
K12 INC., RONALD J. PACKARD , and HARRY T. HAWKS , Defendants.

Civ. A. No. 1:12-cv-00103-CMH-IDD

TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED THE PUBLICLY TRADED COMMON STOCK OF K12 INC. ("K12") FROM SEPTEMBER 9, 2009 THROUGH DECEMBER 12, 2011, INCLUSIVE, AND WHO WERE DAMAGED THEREBY (THE "CLASS").

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A hearing will be held before the Honorable Claude M. Hilton of the United States District Court for the Eastern District of Virginia in the Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, VA 22314 at 10:00 a.m., on July 19, 2013 to, among other things: determine whether the proposed Settlement and Dismissal should be approved by the Court as fair, reasonable, and adequate; determine whether the proposed Plan of Allocation for distribution of the settlement proceeds should be approved as fair and reasonable; and consider the application of Lead Counsel for an award of attorneys' fees and reimbursement of litigation expenses. The Court may change the date of the hearing without providing another notice.

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K12, Inc. Securities Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9974
Dublin, OH 43017-5974
Phone: 1-866-282-3028
k12questions@gcginc.com
www.gcginc.com/cases/K12

Inquiries, other than requests for information about the status of a claim, may also be made to Lead Counsel:

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Jonathan Gardner
140 Broadway
New York, NY 10005
Phone: 1-888-219-6877
www.labaton.com
settlementquestions@labaton.com

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DATED: April 18, 2013 BY ORDER OF THE COURT

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF VIRGINIA

SOURCE Labaton Sucharow LLP

RELATED LINKS
http://www.labaton.com

Find this article at:
http://www.prnewswire.com/news-releases-test/labaton-sucharow-llp-announces-summary-notice-of-pendency-of-class-action-and-proposed-settlement-and-motion-for-attorneys-fees-and-expenses-in-the-k12-inc-securities-litigation-203581871.html

☐ Check the box to include the list of links referenced in the article.

EXHIBIT 4

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

DAVID HOPPAUGH, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. K12 INC., RONALD J. PACKARD, and HARRY T. HAWKS, Defendants.	)	Civ. A. No. 1:12-cv-00103-CMH-IDD

DECLARATION OF JONATHAN GARDNER ON BEHALF OF LABATON SUCHAROW LLP IN SUPPORT OF LEAD COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS' FEES AND PAYMENT OF LITIGATION EXPENSES

Jonathan Gardner, Esq., declares as follows pursuant to 28 U.S.C. § 1746:

1. I am a member of the law firm of Labaton Sucharow LLP. I submit this declaration in support of Lead Counsel's motion for an award of attorneys' fees and payment of litigation expenses on behalf of all plaintiffs' counsel who, at Lead Counsel's direction, contributed to the prosecution of the claims in the above-captioned action (the "Litigation") from inception through April 30, 2013 (the "Time Period").

2. My firm, which served as Lead Counsel in the Litigation, was involved in all aspects of the prosecution and settlement of the Litigation, which is described in detail in the declaration submitted herewith by Jonathan Gardner in support of Lead Plaintiff's motion for final approval of the Settlement and Lead Counsel's motion for an award of attorneys' fees and payment of litigation expenses.

3. The schedule attached hereto as Exhibit A is a summary indicating the amount of time spent by each attorney and professional support staff of my firm who was involved in the prosecution of the Litigation, and the lodestar calculation based on my firm's current billing rates. For personnel who are no longer employed by my firm, the lodestar calculation is based upon the billing rates for such personnel in his or her final year of employment by my firm. The schedule was prepared from contemporaneous daily time records regularly prepared and maintained by my firm, which are available at the request of the Court. Time expended in preparing this application for fees and payment of expenses has not been included in this request.

4. The hourly rates for the attorneys and professional support staff in my firm included in Exhibit A are the same as the regular rates charged for their services in non-contingent matters and/or which have been accepted in other securities or shareholder litigations.

5. The total number of hours expended on this litigation by my firm during the Time Period is 15,474.4 hours. The total lodestar for my firm for those hours is $7,452,142.50.

6. My firm's lodestar figures are based upon the firm's billing rates, which rates do not include charges for expenses items. Expense items are billed separately and such charges are not duplicated in my firm's billing rates.

7. As detailed in Exhibit B, my firm has incurred a total of $514,222.54 in expenses in connection with the prosecution of the Litigation. The expenses are reflected on the books and records of my firm. These books and records are prepared from expense vouchers, check records and other source materials and are an accurate record of the expenses incurred.

8. With respect to the standing of my firm, attached hereto as Exhibit C is a brief biography of my firm as well as biographies of the firm's partners and of counsels.

I declare under penalty of perjury that the foregoing is true and correct. Executed on May 17, 2013.

JONATHAN GARDNER

EXHIBIT A

EXHIBIT A

HOPPAUGH v. K12 INC., et al.,
No. 12-cv-00103 (E.D. Va.)

LODESTAR REPORT

FIRM: LABATON SUCHAROW LLP
REPORTING PERIOD: INCEPTION THROUGH APRIL 30, 2013

PROFESSIONAL	STATUS*	HOURLY RATE	TOTAL HOURS TO DATE	TOTAL LODESTAR TO DATE
Keller, C.	P	$875.00	71.9	$62,912.50
Arisohn, M.	P	$875.00	5.5	$4,812.50
Belfi, E.	P	$800.00	95.0	$76,000.00
Gardner, J.	P	$775.00	811.3	$628,757.50
Stocker, M.	P	$775.00	52.9	$40,997.50
Zeiss, N.	OC	$725.00	41.6	$30,160.00
Goldman, M.	OC	$680.00	516.3	$351,084.00
Scarlato, P.	OC	$680.00	483.3	$328,644.00
Einstein, J.	OC	$550.00	8.4	$4,620.00
Wierzbowski, E.	A	$665.00	8.8	$5,852.00
Villegas, C.	A	$665.00	8.3	$5,519.50
Erroll, D.	A	$640.00	47.8	$30,592.00
Nguyen, A.	A	$615.00	1,265.0	$777,975.00
Evans, I.	A	$590.00	1,779.0	$1,049,610.00
Cividini, D.	A	$540.00	972.0	$524,880.00
Avan, R.	A	$540.00	61.3	$33,102.00
Wood, P.	A	$465.00	388.0	$180,420.00
Woller, S.	A	$425.00	106.1	$45,092.50
Mamorsky, J.	A	$335.00	12.6	$4,221.00
George, L.	SA	$435.00	588.6	$256,041.00
Ladson, E.	SA	$435.00	266.0	$115,710.00
Fields, H.	SA	$410.00	378.8	$155,308.00
Milaccio, V.	SA	$410.00	375.4	$153,914.00
Balsam, M.	SA	$410.00	363.2	$148,912.00
McMorrow, T.	SA	$410.00	348.4	$142,844.00
Rago, M.	SA	$410.00	293.7	$120,417.00
Pospischil, D.	SA	$410.00	267.0	$109,470.00
Fernando, T.	SA	$410.00	141.5	$58,015.00
Wiig, D.	SA	$360.00	485.6	$174,816.00
Kirsh, Z.	SA	$360.00	460.3	$165,708.00
Tzall, R.	SA	$360.00	299.5	$107,820.00
Gianturco, D.	SA	$360.00	264.2	$95,112.00
Orji, C.	SA	$360.00	30.1	$10,836.00
Shrem, E.	SA	$335.00	468.4	$156,914.00
Johnson, M.	SA	$335.00	468.2	$156,847.00
Bernadin, F.	SA	$335.00	439.0	$147,065.00
Licari, R.	SA	$335.00	423.3	$141,805.50
Perez, O.	SA	$335.00	351.7	$117,819.50
Ciaccio, L.	SA	$335.00	281.4	$94,269.00

PROFESSIONAL	STATUS*	HOURLY RATE	TOTAL HOURS TO DATE	TOTAL LODESTAR TO DATE
Rahman, S.	SA	$335.00	234.9	$78,691.50
Williams, J.	SA	$335.00	224.5	$75,207.50
Kosa, J.	SA	$335.00	96.9	$32,461.50
Capuozzo, C.	RA	$285.00	6.3	$1,795.50
Pontrelli, J.	I	$485.00	32.7	$15,859.50
Greenbaum, A.	I	$445.00	355.6	$158,242.00
Wroblewski, R.	I	$410.00	253.0	$103,730.00
Malonzo, F.	PL	$335.00	423.5	$141,872.50
Mehringer, L.	PL	$295.00	30.4	$8,968.00
Boria, C.	PL	$295.00	15.5	$4,572.50
Ahn, E.	PL	$260.00	42.7	$11,102.00
Penn-Taylor, M.	PL	$175.00	15.8	$2,765.00
Pontrelli, J.J.	PL	$150.00	13.2	$1,980.00
TOTAL			**15,474.4**	**$7,452,142.50**

Partner	(P)
Of Counsel	(OC)
Associate	(A)
Staff Attorney	(SA)
Research Analyst	(RA)
Investigator	(I)
Paralegal	(PL)

EXHIBIT B

EXHIBIT B

HOPPAUGH v. K12 INC., et al.,
No. 12-cv-00103 (E.D. Va.)

EXPENSE REPORT

FIRM: LABATON SUCHAROW LLP
REPORTING PERIOD: INCEPTION THROUGH APRIL 30, 2013

EXPENSE		**TOTAL AMOUNT**
Expert Fees		$311,039.40
Damage and Loss Causation Experts	$254,941.20	
Education Industry Consulting Experts	$33,330.00	
Education Industry Testifying Expert	$14,137.20	
Insider Trading Consulting Expert	$8,631.00	
Transportation/Meals/Lodging		$50,316.74
Investigation Expenses		$47,407.57
Duplicating		$34,182.86
Computer Research Fees		$24,007.73
Mediation Fees		$23,295.00
Litigation Support Vendor		$9,879.31
Transcript/Court Reporting		$5,628.65
Document Retrieval		$3,554.18
Overnight Delivery Services		$2,867.37
Service Fees		$1,002.50
Telephone/Fax		$998.89
Research Materials		$39.20
Postage		$3.14
TOTAL		**$514,222.54**

EXHIBIT C

Labaton Sucharow

Firm Resume

InvestorProtectionLitigation

New York 140 Broadway | New York, NY 10005 | 212-907-0700 main | 212-818-0477 fax | www.labaton.com
Delaware 300 Delaware Avenue, Suite 1225 | Wilmington, DE 19801 | 302-573-2540 main | 302-573-2529 fax

Table of Contents

Introduction

Founded in 1963, Labaton Sucharow LLP ("Labaton Sucharow") is an internationally respected law firm with offices in New York, New York and Wilmington, Delaware and has relationships throughout the United States, Europe and the world. The Firm consists of over 70 attorneys and a professional support staff that includes paralegals, sophisticated financial analysts, e-discovery specialists, licensed private investigators, certified public accountants, and forensic accountants with notable federal and state law enforcement experience. The Firm prosecutes major complex litigation in the United States, and has successfully conducted a wide array of representative actions (primarily class, mass and derivative) in the areas of: Securities; Antitrust & Competition; Financial Products & Services; Corporate Governance & Shareholder Rights; Mergers & Acquisitions; Derivative; REITs & Limited Partnerships; Consumer; and Whistleblower Representation.

For nearly 50 years, Labaton Sucharow has cultivated a reputation as one of the finest litigation boutiques in the country. The Firm's attorneys are skilled in every stage of business litigation and have successfully taken on corporations in virtually every industry. Our work has resulted in billions of dollars in recoveries for our clients, and in sweeping corporate reforms protecting consumers and shareholders alike.

On behalf of some of the most prominent institutional investors around the world, Labaton Sucharow prosecutes high-profile and high-stakes securities fraud. Our Securities Litigation Practice has recovered billions of dollars and achieved corporate governance reforms to ensure that the financial marketplace operates with greater transparency, fairness and accountability.

Labaton Sucharow also brings its unparalleled securities litigation expertise to the practice of Whistleblower Representation, exclusively representing whistleblowers that have original information about violations of the federal securities laws. The Firm's Whistleblower

Representation Practice plays a critical role in exposing securities fraud and creating necessary corporate reforms.

Labaton Sucharow's Corporate Governance & Shareholder Rights Practice successfully pursues derivative and other shareholder actions to advance shareholder interests. In addition to our deep knowledge of corporate law and the securities regulations that govern corporate conduct, our established office in Delaware where many of these matters are litigated, uniquely positions us to protect shareholder assets and enforce fiduciary obligations.

Visit our website at www.labaton.com for more information about our dynamic Firm.

Corporate Governance

Labaton Sucharow is committed to corporate governance reform. Through its leadership of membership organizations which seek to advance the interests of shareholders and consumers, Labaton Sucharow seeks to strengthen corporate governance and support legislative reforms which improve and preserve shareholder and consumer rights.

Through the aegis of the National Association of Shareholder and Consumer Attorneys (NASCAT), a membership organization of approximately 100 law firms that practice class action and complex civil litigation, the Firm continues to advocate against those who would legislatively seek to weaken shareholders' rights, including their right to obtain compensation through the legal system.

From 2009-2011 Partner Ira A. Schochet served as President of NASCAT, following in the footsteps of Chairman Lawrence A. Sucharow who held the position from 2003-2005.

Labaton Sucharow is also a patron of the John L. Weinberg Center for Corporate Governance of the University of Delaware ("The Center") and was instrumental in the task force of the Association of the Bar of the City of New York, which drafted recommendations on the roles of law firms and lawyers' in preventing corporate fraud through improved

governance. One of Labaton Sucharow's partners, Edward Labaton, is a member of the Advisory Committee of The Center.

In early 2011, Partner Michael W. Stocker spoke before the Securities and Exchange Commission's Trading and Markets Division regarding liability for credit rating agencies under the Dodd-Frank Act. His articles on corporate governance issues have been published in a number of national trade publications.

On behalf of our institutional and individual investor clients, Labaton Sucharow has achieved some of the largest precedent-setting settlements since the enactment of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), and has helped avert future instances of securities fraud by negotiating substantial corporate governance reforms as conditions of many of its largest settlements.

Some of the successful cases in which Labaton Sucharow has been able to affect significant corporate governance changes include:

In re Waste Management, Inc. Securities Litigation,
Civ. No. H-99-2183 (S.D. Tex.)

In the settlement of the *In re Waste Management, Inc. Securities Litigation* case, we earned critical corporate governance improvements resulting in:

- A stronger and more independent audit committee;
- A board structure with greater accountability; and
- Protection for whistleblowers.

In re Bristol-Myers Squibb Securities Litigation,
Civ. No. CV-98-W-1407-S (N.D. Ala.)

In *Bristol-Myers Squibb*, we won unprecedented corporate governance concessions, including:

- Required public disclosure of the design of all clinical drug trials; and
- Required public disclosure on the company's website of the results of all clinical studies on drugs marketed in any country throughout the world.

Cohen v. Gray, et al.,
Case No. 03 CH 15039 (C.C. Ill.)

In this case against the Boeing aircraft company, we achieved a landmark settlement establishing unique corporate governance standards relating to ethics compliance including:

- At least 75 percent of Boeing's Board must be independent under NYSE criteria;
- Board members will receive annual corporate governance training;
- Direct Board supervision of an improved ethics and compliance program;
- Improved Audit Committee oversight of ethics and compliance; and
- A $29 million budget dedicated to the implementation and support of these governance reforms.

In re Vesta Insurance Group Securities Litigation,
Civ. No. CV-98-W-1407-S (N.D. Ala.)

In settling *Vesta*, the company adopted provisions that created:

- A Board with a majority of independent members;
- Increased independence of members of the company's audit, nominating and compensation committees;
- Increased expertise in corporate governance on these committees; and
- A more effective audit committee.

In re Orbital Sciences Corporation Securities Litigation,
Civ. No. 99-197-A (E.D. Va.)

In this case against Orbital Sciences Corporation, Labaton Sucharow was able to:

- Negotiate the implementation of measures concerning the company's quarterly review of its financial results;
- The composition, role and responsibilities of its Audit and Finance committee; and
- The adoption of a Board resolution providing guidelines regarding senior executives' exercise and sale of vested stock options.

In re Take-Two Interactive Securities Litigation,
Civ. No. 06-CV-803-RJS (S.D.N.Y.)

In settling *Take-Two Interactive*, we achieved significant corporate governance reforms which required the company to:

- Adopt a policy, commonly referred to as "clawback" provision, providing for the recovery of bonus or incentive compensation paid to senior executives in the event that such compensation was awarded based on financial results later determined to have been erroneously reported as a result of fraud or other knowing misconduct by the executive;
- Adopt a policy requiring that its Board of Directors submit any stockholder rights plan (also commonly known as 'poison pill') that is greater than 12 months in duration to a vote of stockholders; and

- Adopt a bylaw providing that no business may be properly brought before an annual meeting of stockholders by a person other than a stockholder unless such matter has been included in the proxy solicitation materials issued by the company.

Trial Experience

Few securities class action cases go to trial. But when it is in the best interests of its clients and the class, Labaton Sucharow repeatedly has demonstrated its willingness and ability to try these complex securities cases before a jury. More than 95% of the Firm's partners have trial experience.

Labaton Sucharow's recognized willingness and ability to bring cases to trial significantly increases the ultimate settlement value for shareholders.

In *In re Real Estate Associates Limited Partnership Litigation*, when defendants were unwilling to settle for an amount Labaton Sucharow and its clients viewed as fair, we tried the case with co-counsel for six weeks and obtained a landmark $184 million jury verdict in November 2002. The jury supported plaintiffs' position that defendants knowingly violated the federal securities laws, and that the general partner had breached his fiduciary duties to plaintiffs. The $184 million award was one of the largest jury verdicts returned in any PSLRA action and one in which the plaintiff class, consisting of 18,000 investors, recovered 100% of their damages.

Notable Lead Counsel Appointments

Labaton Sucharow's institutional investor clients are regularly appointed by federal courts to serve as lead plaintiffs in prominent securities litigations brought under the PSLRA. Dozens of state, city and country public pension funds and union funds have selected Labaton Sucharow to represent them in federal securities class actions and advise them as securities

litigation/investigation counsel. Listed below are several of our current notable lead and co-lead counsel appointments:

In re Computer Sciences Corporation Securities Litigation,
No. 11-cv-610 (E.D. Va.)
Representing Ontario Teachers' Pension Plan Board as lead plaintiff

In re MF Global Holdings Limited Securities Litigation,
No. 11-cv-7866 (S.D.N.Y.)
Representing the Province of Alberta as co-lead plaintiff

Richard Gammel v. Hewlett-Packard Company, et al.,
No. 8:11-cv-01404-AG-RNB (C.D.Cal.)
Representing Arkansas Teacher Retirement System and the Labourers' Pension Fund of Central and Eastern Canada as co-lead plaintiff

In re Massey Energy Co. Securities Litigation,
No. 5:10-cv-00689 (S.D. W. Va.)
Representing Commonwealth of Massachusetts Pension Reserves Investment Trust ("Massachusetts PRIT") as lead plaintiff

In re Schering Plough/Enhance Securities Litigation,
No. 08-cv-00397-DMC-JAD (D.N.J.)
Representing the Pension Reserves Investment Management Board (Commonwealth of Massachusetts) as co-lead plaintiff

Listed below are several of our current notable lead and co-lead counsel appointments resulting from the credit crisis:

In re Regions Morgan Keegan Closed-End Fund Litigation,
No. 07-CV-02830 (W.D. Tenn)
Representing Lion Fund, L.P., Dr. J. Samir Sulieman, and Larry Lattimore as lead plaintiffs

In re Goldman Sachs Group Inc. Securities Litigation,
No. 1:10-cv-03461 (S.D.N.Y.)
Representing the Arkansas Teacher Retirement System as co-lead plaintiff

In re 2008 Fannie Mae Securities Litigation,
No. 08-CV-1859 (E.D.Mo.)
Representing Boston Retirement Board as co-lead plaintiff

Stratte-McClure v. Morgan Stanley et al.,
No. 09-cv-2017 (S.D.N.Y.)
Representing State Boston Retirement System as lead plaintiff

Notable Successes

Labaton Sucharow has achieved notable successes in major securities litigations on behalf of its clients and certified investor classes.

Docket Information	Results of the Case
In re Bear Stearns Companies, Inc. Securities Litigation, No. 08-md-1963 (S.D.N.Y.)	$275 million settlement with Bear Stearns plus a $19.9 million settlement with Deloitte & Touche LLP, Bear Stearns' outside auditors
In re American International Group Inc. Securities Litigation, No. 04-cv-8141 (S.D.N.Y.)	Negotiated settlements totaling more than $1 billion
In re HealthSouth Securities Litigation, No. 03-cv-1500 (N.D. Ala.)	Settlement valued at $671 million
In re Waste Management, Inc. Securities Litigation, No. H-99-2183 (S.D. Tex.)	Settled for $457 million
In re Countrywide Financial Corp. Securities Litigation, No. 07-cv-5295 (C.D. Cal.)	Settled for $624 million – the largest credit-crisis-related settlement at the time
In re General Motors Corp. Securities & Derivative Litigation, No. 06-md-1749 (E.D. Mich.)	Settled for $303 million
In re El Paso Corporation Securities Litigation, No. 02-cv-2717 (S.D. Tex.)	Settled for $285 million
In re PaineWebber Limited Partnerships Litigation, No. 94-cv-832/7 (S.D.N.Y.)	Settled for $200 million
Eastwood Enterprises LLC v. Farha (WellCare Securities Litigation), No. 07-cv-1940 (M.D. Fla.)	Settled for $200 million
In re Bristol-Myers Squibb Securities Litigation, No. 00-cv-1990 (D.N.J.)	Settled for $185 million and significant corporate governance reforms
In re Broadcom Corp. Securities Litigation, No. 06-cv-5036 (C.D. Cal.)	Settled for $160.5 million – at the time, the second largest up-front cash settlement ever recovered from a company accused of options backdating; plus a $13 million settlement with the auditor, Ernst & Young
In re Satyam Computer Services, Ltd. Securities Litigation, No. 09-md- 2027 (S.D.N.Y.)	Settled for $125 million with Satyam and $25.5 million with PwC Entities (partial settlements, case is ongoing)
In re Mercury Interactive Securities Litigation, No. 05-cv- 3395 (N.D. Cal.)	Settled for $117.5 million – the largest options backdating settlement at the time
In re Prudential Securities Inc. Limited Partnership Litigation, No. M-21-67 (S.D.N.Y.)	Negotiated $110 million partial settlement

Docket Information	Results of the Case
In re Oppenheimer Champion Fund Securities Fraud Class Actions, No. 09-cv-386 (D. Colo.) and *In re Core Bond Fund*, No. 09-cv-1186 (D. Colo.)	Settled for $100 million
In re Vesta Insurance Group, Inc. Securities Litigation, No. 98-cv-1407 (N.D. Ala.)	Settled for $80 million in total and significant corporate governance reforms
In re St. Paul Travelers Securities Litigation, No. 04-CV-3801 (D. Minn.)	Settled for $67.5 million
In re St. Paul Travelers Securities Litigation II, No. 04-cv-4697 (D. Minn.)	Settled for $77 million
In re Regions Morgan Keegan Closed-End Fund Litigation	Settled for $62 million
In re Monster Worldwide, Inc. Securities Litigation, No. 07-cv-2237 (S.D.N.Y.)	Settled for $47.5 million – required Monster's founder and former Chief Executive Officer Andrew McKelvey to personally pay $550,000 toward the settlement
Hughes v. Huron Consulting Group, Inc., No. 09-cv-4734 (N.D. Ill.)	Settled for $38 million
Abrams v. Van Kampen Funds, Inc., No. 01-cv-7538 (N.D. Ill.)	Settled for $31.5 million
In re Novagold Resources Inc. Securities Litigation, No. 08-cv-7041 (S.D.N.Y.)	Settled for $22 million
Police & Fire Ret. System of Detroit v. SafeNet, Inc., No. 06-cv-5797 (S.D.N.Y.)	Settled for $25 million
Desert Orchid Partners, L.L.C. v. Transactions Systems Architects, Inc., No. 02-cv-533 (D. Neb.)	Settled for $24.5 million
In re Orbital Sciences Corp. Securities Litigation, No. 99-cv-197 (E.D. Va.)	Settled for $23.5 million and significant corporate governance reforms
In re Take Two Interactive Securities Litigation, No. 06-cv-803 (S.D.N.Y.)	Settled for $20.1 million and significant corporate governance reforms
In re International Business Machines Corp. Securities Litigation, No. 05-cv-6279 (S.D.N.Y.)	Settled for $20 million
In re Just for Feet Noteholder Litigation, No. 00-cv-1404 (N.D. Ala.)	Settled for $17.75 million
In re American Tower Corporation Securities Litigation, No. 06-cv-10933 (D. Mass.)	Settled for $14 million
In re CapRock Communications Corp. Securities Litigation, No. 00-CV-1613 (N.D. Tex.)	Settled for $11 million

Docket Information	Results of the Case
In re SupportSoft, Inc. Securities Litigation, No. 04-cv-5222 (N.D. Cal.)	Settled for $10.7 million
In re InterMune Securities Litigation, No. 03-cv-2954 (N.D. Cal.)	Settled for $10.4 million
In re HCC Insurance Holdings, Inc. Securities Litigation, No. 07-cv-801 (S.D. Tex.)	Settled for $10 million

In re Regions Morgan Keegan Closed-End Fund Litigation,
No. 07-CV-02830 (W.D. Tenn)

Labaton Sucharow served as sole lead counsel, representing the Lion Fund, L.P., Dr. J. Sulieman and Larry Lattimore, in this case against Regions Morgan Keegan ("RMK"), alleging that they fraudulently overstated the values of portfolio securities and reported false Net Asset Values ("NAVs"). RMK also falsely touted their professional portfolio management by "one of America's leading high-yield fund managers" when, in fact, portfolio securities frequently were purchased blindly without the exercise of basic due diligence. On April 13, 2011, defendants moved to dismiss. On March 30, 2012, the court issued an Opinion denying the motions to dismiss nearly in their entirety. The court upheld the Section 10(b) claims as against the Funds and defendant James R. Kelsoe, the Funds' Senior Portfolio Manager, and dismissed those claims as against three other individual defendants. The court upheld plaintiffs' Securities Act claims in their entirety. In April 2012 Labaton Sucharow achieved a $62 million settlement.

In re HealthSouth Securities Litigation,
Civ. No CV-03-BE-1500-S (N.D. Ala.)

Labaton Sucharow served as co-lead counsel in a case stemming from the largest fraud ever perpetrated in the healthcare industry. In early 2006, lead plaintiffs negotiated a settlement of $445 million with defendant HealthSouth. This partial settlement, comprised of cash and HealthSouth securities to be distributed to the class, is one of the largest in history. On June 12, 2009, the Court also granted final approval to a $109 million settlement with defendant Ernst & Young LLP ("E&Y") which at the time was approximately the eighth largest securities fraud class action settlement with an auditor. In addition, on July 26, 2010, the Court granted final approval to a $117 million partial settlement with the remaining principal defendants in the case, UBS AG, UBS Warburg LLC, Howard Capek, Benjamin Lorello and William McGahan (the "UBS Defendants"). The total value of the settlements for HealthSouth stockholders and HealthSouth bondholders, who were represented by separate counsel, is $804.5 million.

In re NYSE Euronext Shareholders Litigation,
Consolidated C.A., 6220-VCS (Del. Ch. 2011)

Labaton Sucharow played a leadership role in landmark shareholder litigation arising from the acquisition of the New York Stock Exchange—a deal that had implications not only for NYSE shareholders, but for global financial markets. Following aggressive

litigation spanning both sides of the Atlantic, the Firm secured a proposed settlement which would have provided a special dividend of nearly a billion dollars to NYSE shareholders if the transaction was completed. While European regulators ultimately rejected the merger in 2012 citing anticompetitive concerns, the Firm's work in the litigation cemented its reputation as a leader in the field.

In re American International Group, Inc. Securities Litigation,
No. 04 Civ. 8141 (JES) (AJP) (S.D.N.Y.)

In one of the most complex and challenging securities cases in history, Labaton Sucharow secured a landmark $725 million settlement with American International Group ("AIG") regarding allegations of bid rigging and accounting fraud. This followed our $97.5 million settlement with AIG's auditors and an additional $115 million settlement with former AIG officers and related defendants which is still pending before the Court. Further, a proposed $72 million settlement with General Reinsurance Corporation, which was alleged to have been involved in one of the accounting frauds with AIG, is pending before the Second Circuit. In total, the four AIG settlements would provide a recovery of more than $1 billion for class members.

In re Countrywide Financial Corp. Securities Litigation,
No. CV 07-cv-05295-MRP-MAN (C.D. Cal.)

Labaton Sucharow served as sole lead counsel on behalf of the New York State Common Retirement Fund and the five New York City public pension funds. Plaintiffs alleged that defendants violated securities laws by making false and misleading statements concerning Countrywide's business as an issuer of residential mortgages, the creditworthiness of borrowers, underwriting and loan origination practices, loan loss and other accounting provisions, and misrepresenting high-risk low-documentation loans as being "prime." While the price of Countrywide stock was artificially inflated by defendants' false representations, insiders received millions of dollars from Countrywide stock sales. On February 25, 2011, the Court granted final approval to a settlement of $624 million, which at the time was the 14th largest securities class action settlement in the history of the PSLRA.

In re Waste Management, Inc. Securities Litigation,
Civ. No. H-99-2183 (S.D. Tex.)

In 2002, Judge Melinda Harmon approved an extraordinary settlement that provided for recovery of $457 million in cash, plus an array of far reaching corporate governance measures. At that time, this settlement was the largest common fund settlement of a securities action achieved in any court within the Fifth Circuit and the third-largest achieved in any federal court in the nation. Judge Harmon noted, among other things, that Labaton Sucharow *"obtained an outstanding result by virtue of the quality of the work and vigorous representation of the class."*

In re General Motors Corp. Securities Litigation,
No. 06-1749, (E.D. Mich.)

Labaton Sucharow was co-lead counsel for DekaInvestment GmbH. The complaint alleged that, over a period of six years, General Motors ("GM"), its officers and its outside auditor overstated GM's income by billions of dollars, and GM's operating cash flows by tens of billions of dollars, through a series of accounting manipulations that

included, among other things, prematurely recognizing income from supplier rebates, misclassifying cash flow as operating rather than investing cash flow, and omitting to disclose the nature and amount of GM's guarantee of pension benefits owing to workers at GM's former parts division, now an independent corporation in Chapter 11 bankruptcy protection, Delphi Corporation. On July 21, 2008, a settlement was reached whereby GM made a cash payment of $277 million and defendant Deloitte & Touche LLP, which served as GM's outside auditor during the period covered by the action, agreed to contribute an additional $26 million in cash.

In re El Paso Corporation Securities Litigation,
Civ. No. H-02-2717 (S.D. Tex.)

Labaton Sucharow secured a $285 million class action settlement against the El Paso Corporation. The case involved a securities fraud stemming from the Company's inflated earnings statements, which cost shareholders hundreds of millions of dollars during a four-year span. The settlement was approved by the Court on March 6, 2007.

In re PaineWebber Limited Partnerships Litigation,
No. 94 Civ. 832/7 (SHS) (S.D.N.Y.)

Judge Sidney H. Stein approved a settlement valued at $200 million and found *"that class counsel's representation of the class has been of high caliber in conferences, in oral arguments and in work product."*

Eastwood Enterprises, LLC v. Farha et al. (WellCare Securities Litigation),
No. 8:07-cv-1940-T-33EAJ (M.D. Fla.)

On behalf of The New Mexico State Investment Council and the Public Employees Retirement Association of New Mexico, co-lead counsel for the class, Labaton Sucharow, negotiated a $200 million settlement over allegations that WellCare Health Plans, Inc., a Florida-based managed healthcare service provider, disguised its profitability by overcharging state Medicaid programs. Under the terms of the settlement, which was approved by the Court on May 4, 2011, WellCare agreed to pay an additional $25 million in cash if, at any time in the next three years, WellCare is acquired or otherwise experiences a change in control at a share price of $30 or more after adjustments for dilution or stock splits.

In re Bristol-Myers Squibb Securities Litigation,
Civ. No. 00-1990 (D.N.J.)

After prosecuting securities fraud claims against Bristol-Myers Squibb ("BMS") for more than five years, Labaton Sucharow reached an agreement to settle the claims for $185 million and significant corporate governance reforms. This settlement is the second largest recovery against a pharmaceutical company, and it is the largest recovery ever obtained against a pharmaceutical company in a securities fraud case involving the development of a new drug. Moreover, the settlement is the largest ever obtained against a pharmaceutical company in a securities fraud case that did not involve a restatement of financial results.

In re Broadcom Corp. Securities Litigation,
No. 06-cv-05036-R-CW (C.D. Cal.)

Labaton Sucharow served as lead counsel on behalf of lead plaintiff New Mexico State Investment Council in a case stemming from Broadcom Corp.'s $2.2 billion restatement of its historic financial statements for 1998-2005. In August 2010 the Court granted final approval of a $160.5 million settlement with Broadcom and two individual defendants to resolve this matter, the second-largest upfront cash settlement ever recovered from a company accused of options backdating. On April 14, 2011, the Court of Appeals for the Ninth Circuit issued an opinion in *New Mexico State Investment Council v. Ernst & Young LLP*—a matter related to Broadcom. In particular, the Ninth Circuit's opinion held that the Complaint contains three separate sets of allegations that adequately allege Ernst & Young's ("E&Y") scienter, and that there is "no doubt" that lead plaintiff carried its burden in alleging E&Y acted with actual knowledge or reckless disregard that their unqualified audit opinion was fraudulent. Importantly, the decision confirms that outside auditors are subject to the same pleading standards as all other defendants. In addition, the opinion confirms that a defendant's pre-class-period knowledge is relevant to its fraudulent scienter, and must be considered holistically with the rest of the allegations. In August 2011, the District Court spread the Ninth Circuit's mandate made in April 2011, and denied Ernst & Young's motion to dismiss on the ground of loss causation. This ruling is a major victory for the class and a landmark decision by the Court—the first of its kind in a case arising from stock-options backdating. The decision underscores the impact that institutional investors can have in enforcing the federal securities laws, above and beyond the role of prosecutors and regulators. On October 12, 2012, the Court approved a $13 million settlement with Ernst & Young.

In re Satyam Computer Services Ltd. Securities Litigation,
09-md-2027-BSJ (S.D.N.Y.)

Satyam, referred to as "India's Enron," engaged in one of the most egregious frauds on record. In a case that rivals the Enron and Madoff scandals, lead plaintiffs allege that Satyam Computer Services Ltd., related entities, its auditors and certain directors and officers allegedly made materially false and misleading statements to the investing public about the company's earnings and assets, which had the effect of artificially inflating the price of Satyam securities. On September 13, 2011, the court granted final approval to a settlement with Satyam of $125 million, with the possibility of an additional recovery in the future. The Court also granted final approval to a settlement with the company's auditor, PricewaterhouseCoopers (PwC), in the amount of $25.5 million. Litigation continues against additional defendants. In addition to achieving over $150 million in collective settlements, we procured a letter of confession from the CEO—unprecedented in its detail—who, with other former officers, remains on trial in India for securities fraud.

In re Mercury Interactive Corp. Securities Litigation,
Civ. No. 5:05-CV- 3395 (N.D. Cal.)

Labaton Sucharow served as co-lead counsel on behalf of co-lead plaintiff Steamship Trade Association/International Longshoremen's Association Pension Fund. The allegations in *Mercury* concern backdated option grants used to compensate employees and officers of the Company. Mercury's former CEO, CFO, and General

Counsel actively participated in and benefited from the options backdating scheme, which came at the expense of Mercury shareholders and the investing public. On September 25, 2008, the Court granted final approval of the $117.5 million settlement.

In re Prudential Securities Inc. Limited Partnership Litigation,
Civ. No. M-21-67 (S.D.N.Y.)

In this well-known securities litigation, the late Judge Milton Pollack cited the "Herculean" efforts of Labaton Sucharow and its co-lead counsel and, in approving a $110 million partial settlement, stated that *"this case represents a unique recovery – a recovery that does honor to every one of the lawyers on your side of the case."*

In re Oppenheimer Champion Fund Securities Fraud Class Actions,
No. 09-cv-525-JLK-KMT (D. Colo.)
and
In re Core Bond Fund,
No. 09-cv-1186-JLK-KMT (D. Colo.)

Labaton Sucharow served as lead counsel in two related securities class actions brought against OppenheimerFunds, Inc., among others, and certain officers and trustees of two funds – Oppenheimer Core Bond Fund and Oppenheimer Champion Income Fund. The lawsuits alleged that the investment policies followed by the funds resulted in investor losses when the funds suffered drops in net asset value although the funds were presented as safe and conservative investments to consumers. In May 2011 the Firm achieved settlements amounting to $100 million: $52.5 million in *In re Oppenheimer Champion Fund Securities Fraud Class Actions* and a $47.5 million settlement in *In re Core Bond Fund*.

In re Vesta Insurance Group, Inc. Securities Litigation,
Civ. No. CV-98-AR-1407 (N.D. Ala.)

After years of protracted litigation, Labaton Sucharow secured a settlement of $78 million on the eve of trial.

In re St. Paul Traveler's II Securities Litigation,
Civ. No. 04-4697 (JRT/FLN) (D. Minn.)

In the second of two cases filed against St. Paul Travelers by Labaton Sucharow, arose from the industry-wide insurance scandal involving American International Group, Marsh McLennan, the St. Paul Companies and numerous other insurance providers and brokers. On July 23, 2008, the Court granted final approval of the $77 million settlement and certified the settlement class.

In re St. Paul Travelers Securities Litigation,
No. 04-CV-3801 (D. Minn.)

Labaton Sucharow was able to successfully negotiate the creation of an all cash settlement fund to compensate investors in the amount of $67.5 million in November 2005. This settlement is one of the largest securities class action settlements in the Eighth Circuit.

In re Monster Worldwide, Inc. Securities Litigation,
No. 07-CV-02237 (S.D.N.Y.)

Labaton Sucharow represented Middlesex County Retirement System in claims alleging that defendants engaged in a long-running scheme to backdate Monster's stock option grants to attract and retain employees without recording the resulting compensation expenses. On November 25, 2008, the Court granted final approval of the $47.5 million settlement.

Hughes v. Huron Consulting Group, Inc.,
09-CV-4734 (N.D. Ill.)

Labaton Sucharow acted as co-lead counsel for lead plaintiffs the Public School Teachers' Pension & Retirement Fund of Chicago, the Arkansas Public Employees Retirement System, State-Boston Retirement Board, the Cambridge Retirement System and the Bristol County Retirement System in a suit alleging that Huron Consulting Group and certain individual defendants made materially false or misleading statements to the investing public, which had the effect of artificially inflating the price of Huron's common stock. On May 6, 2011, the Court granted final approval to a settlement in the amount of $27 million dollars plus 474,547 shares of Huron common stock (valued at approximately $11 million as of November 24, 2010, based on its closing price of $23.18). This settlement represents a significant percentage of the alleged $57 million in earnings that the company overstated.

Abrams v. VanKampen Funds, Inc.,
01 C 7538 (N.D. Ill.)

In January 2006 Labaton Sucharow obtained final approval of a $31.5 million settlement in an innovative class action concerning VanKampen's senior loan mutual fund, alleging that the fund overpriced certain senior loan interests where market quotations were readily available. The gross settlement fund constitutes a recovery of about 70% of the class's damages as determined by plaintiffs' counsel.

In re NovaGold Resources Inc. Securities Litigation,
No. 1:08-cv-07041 (S.D.N.Y.)

Labaton Sucharow served as lead counsel in a securities class action over NovaGold's misleading representations regarding the economic feasibility of its Galore Creek mining project. Labaton Sucharow secured a global settlement of C$28 million (approximately $26 million U.S.), one of the largest cross-border securities class action settlements in 2010.

Police and Fire Retirement System of the City of Detroit, et al. v. SafeNet, Inc., et al.,
No. 06-Civ-5797 (PAC)

Labaton Sucharow served as co-lead counsel for lead plaintiffs the Police and Fire Retirement System of the City of Detroit, the Plymouth County Retirement System, and the State-Boston Retirement System in a suit alleging that SafeNet, Inc. ("SafeNet") and certain individual defendants misled investors by making misrepresentations and omissions to the investing public, which had the effect of artificially inflating SafeNet's stock price. On December 20, 2010, the Court granted final approval to the $25 million settlement.

Desert Orchid Partners, L.L.C. v. Transactions Systems Architects, Inc.,
Civ. No. 02 CV 533 (D. Neb.)

Labaton Sucharow represented the Genesee Employees' Retirement System as lead plaintiff in claims alleging violations of the federal securities laws. On March 2, 2007, the Court granted final approval to the settlement of this action for $24.5 million in cash.

In re Orbital Sciences Corp. Securities Litigation,
Civ. No. 99-197-A (E.D. Va.)

After cross-motions for summary judgment were fully briefed, defendants (and Orbital's auditor in a related proceeding) agreed to a $23.5 million cash settlement, warrants, and substantial corporate governance measures.

In re International Business Machines Corp. Securities Litigation,
Civ. No. 1:05-cv-6279 (AKH) (S.D.N.Y.)

Labaton Sucharow served as lead counsel in this action alleging that that International Business Machines Corp. ("IBM"), and its Chief Financial Officer, Mark Loughridge, made material misrepresentations and omissions concerning IBM's expected 2005 first quarter earnings, IBM's expected 2005 first quarter operational performance, and the financial impact of IBM's decision to begin expensing stock options on its 2005 first quarter financial statements. On September 9, 2008, the Court granted final approval of the $20 million settlement.

In re Take-Two Interactive Securities Litigation,
Civ. No. 06-CV-803-RJS (S.D.N.Y.)

Labaton Sucharow acted as lead counsel for lead plaintiffs New York City Employees' Retirement System, New York City Police Pension Fund and New York City Fire Department Pension Fund in a securities class action against Take-Two Interactive Software, Inc. ("Take-Two") and its officers and directors. Lead plaintiffs alleged that Take-Two, maker of the "Grand Theft Auto" video game series, improperly backdated stock options. On October 20, 2010, the Court granted final approval of the $20.1 million settlement and significant corporate governance reforms.

In re Just for Feet Noteholder Litigation,
Civ. No. CV-00-C-1404-S (N.D. Ala.)

Labaton Sucharow, as lead counsel, represented lead plaintiff Delaware Management and the Aid Association for Lutherans with respect to claims brought on behalf of noteholders. On October 21, 2005, Chief Judge Clemon of the U.S. District Court for the Northern District of Alabama preliminarily approved plaintiffs' settlement with Banc of America Securities LLC, the sole remaining defendant in the case, for $17.75 million. During the course of the litigation, Labaton Sucharow obtained certification for a class of corporate bond purchasers in a ground-breaking decision, *AAL High Yield Bond Fund v. Ruttenberg*, 229 F.R.D. 676 (N.D. Ala. 2005), which is the first decision by a federal court to explicitly hold that the market for high-yield bonds such as those at issue in the action was efficient.

In re American Tower Corporation Securities Litigation,
Civ. No. 06 CV 10933 (MLW) (D. Mass.)

Labaton Sucharow represented the Steamship Trade Association-International Longshoreman's Association Pension Fund (STA-ILA) in claims alleging that certain of American Tower Corporation's current and former officers and directors improperly backdated the Company's stock option grants and made materially false and misleading statements to the public concerning the Company's financial results, option grant policies and accounting, causing damages to investors. On June 11, 2008, the Court granted final approval of the $14 million settlement.

In re CapRock Communications Corp. Securities Litigation,
Civ. No. 3-00-CV-1613-R (N.D. Tex.)

Labaton Sucharow represented a prominent Louisiana-based investment adviser in claims alleging violations of the federal securities laws. The case settled for $11 million in 2003.

In re SupportSoft Securities Litigation,
Civ. No. C 04-5222 SI (N.D. Cal.)

Labaton Sucharow secured a $10.7 million settlement on October 2, 2007 against SupportSoft, Inc. The action alleged that the defendants had artificially inflated the price of the Company's securities by re-working previously entered into license agreements for the company's software in order to accelerate the recognition of revenue from those contracts.

In re InterMune Securities Litigation,
No. 03-2454 SI (N.D. Cal. 2005)

Labaton Sucharow commenced an action on behalf of its client, a substantial investor, against InterMune, a biopharmaceutical firm, and certain of its officers, alleging securities fraud in connection with InterMune's sales and marketing of a drug for off-label purposes. Notwithstanding higher pleading and proof standards in the jurisdiction in which the action had been filed, Labaton Sucharow utilized its substantial investigative resources and creative alternative theories of liability to successfully obtain an early, pre-discovery settlement of $10.4 million. The Court complimented Labaton Sucharow on its ability to obtain a substantial benefit for the class in such an effective manner.

In re HCC Insurance Holdings, Inc. Securities Litigation,
Civ. No. 4:07-cv-801 (S.D. Tex.)

Labaton Sucharow served as lead counsel in this case alleging that certain of HCC's current and former officers and directors improperly backdated the Company's stock option grants and made materially false and misleading statements to the public concerning the Company's financial results, option grant policies and accounting, causing damages to investors. On June 17, 2008, the Court granted final approval of the $10 million settlement.

In re Adelphia Communications Corp. Securities & Derivative Litigation,
Civ. No. 03 MD 1529 (LMM) (S.D.N.Y.)

Labaton Sucharow represents the New York City Employees' Retirement System (and certain other New York City pension funds) and the Division of Investment of the New Jersey Department of the Treasury in separate individual actions against Adelphia's officers, auditors, underwriters, and lawyers. To date, Labaton Sucharow has fully resolved certain of the claims brought by New Jersey and New York City for amounts that significantly exceed the percentage of damages recovered by the class. New Jersey and New York City continue to prosecute their claims against the remaining defendants.

STI Classic Funds v. Bollinger Industries, Inc.,
No. 96-CV-0823-R (N.D. Tex.)

Labaton Sucharow commenced related suits in both state and federal courts in Texas on behalf of STI Classic Funds and STI Classic Sunbelt Equity Fund, affiliates of the SunTrust Bank. As a result of Labaton Sucharow's efforts, the class of Bollinger Industries, Inc. investors, on whose behalf the bank sued, obtained the maximum recovery possible from the individual defendants and a substantial recovery from the underwriter defendants. Notwithstanding a strongly unfavorable trend in the law in the State of Texas, and strong opposition by the remaining accountant firm defendant, Labaton Sucharow has obtained class certification and continues to prosecute the case against that firm.

Among the institutional investor clients Labaton Sucharow represents and advises are:

- Arkansas Teacher Retirement System
- Baltimore County Retirement System
- Bristol County Retirement Board
- California Public Employees' Retirement System
- City of New Orleans Employees' Retirement System
- Connecticut Retirement Plans & Trust Funds
- Division of Investment of the New Jersey Department of the Treasury
- Genesee County Employees' Retirement System
- Illinois Municipal Retirement Fund
- Louisiana Municipal Police Employees' Retirement System
- Teachers' Retirement System of Louisiana
- Macomb County Employees Retirement System
- Metropolitan Atlanta Rapid Transit Authority
- Michigan Retirement Systems
- Middlesex Retirement Board
- Mississippi Public Employees' Retirement System
- New York City Pension Funds
- New York State Common Retirement Fund
- Norfolk County Retirement System

- Office of the Ohio Attorney General and several of its Retirement Systems
- Oklahoma Firefighters Pension and Retirement System
- Plymouth County Retirement System
- Office of the New Mexico Attorney General and several of its Retirement Systems
- Rhode Island State Investment Commission
- San Francisco Employees' Retirement System
- State of Oregon Public Employees' Retirement System
- State of Wisconsin Investment Board
- State-Boston Retirement System
- Steamship Trade Association/International Longshoremen's Association
- Virginia Retirement Systems

Comments About Our Firm By The Courts

Many federal judges have commented favorably on the Firm's expertise and results achieved in securities class action litigation. Judge John E. Sprizzo complimented the Firm's work in *In re Revlon Pension Plan Litigation*, Civ. No. 91-4996 (JES) (S.D.N.Y.). In granting final approval to the settlement, Judge Sprizzo stated that:

> *[t]he recovery is all they could have gotten if they had been successful. I have probably never seen a better result for the class than you have gotten here.*

Labaton Sucharow was a member of the executive committee of plaintiffs' counsel in *In re PaineWebber Limited Partnerships Litigation*, Master File No. 94 Civ. 8547 (SHS). In approving a class-wide settlement valued at $200 million, Judge Sidney H. Stein of the Southern District of New York stated:

> *The Court, having had the opportunity to observe first hand the quality of class counsel's representation during this litigation, finds that class counsel's representation of the class has been of high caliber in conferences, in oral arguments and in work product.*

In *In re Prudential-Bache Energy Income Partnerships Securities Litigation*, MDL No. 888 (E.D. La.), an action in which Labaton Sucharow served on the executive committee of

plaintiffs' counsel, Judge Marcel Livaudais, Jr., of the United States District Court for the Eastern District of Louisiana, observed that:

> *Counsel were all experienced, possessed high professional reputations and were known for their abilities. Their cooperative effort in efficiently bringing this litigation to a successful conclusion is the best indicator of their experience and ability . . . . The executive committee is comprised of law firms with national reputations in the prosecution of securities class action and derivative litigation. The biographical summaries submitted by each member of the executive committee attest to the accumulated experience and record of success these firms have compiled.*

In *Rosengarten v. International Telephone & Telegraph Corp.*, Civ. No. 76-1249 (N.D.N.Y.), Judge Morris Lasker noted that the Firm:

> *served the corporation and its stockholders with professional competence as well as admirable intelligence, imagination and tenacity.*

Judge Lechner, presiding over the $15 million settlement in *In re Computron Software Inc. Securities Class Action Litigation*, Civ. No. 96-1911 (AJL) (D.N.J.), where Labaton Sucharow served as co-lead counsel, commented that:

> *I think it's a terrific effort in all of the parties involved . . . , and the co-lead firms . . . I think just did a terrific job. You [co-lead counsel and] Mr. Plasse, just did terrific work in the case, in putting it all together . . . .*

In *Middlesex County Retirement System v. Monster Worldwide, Inc.*, No. 07-cv-2237 (S.D.N.Y.), Judge Rakoff appointed Labaton Sucharow as lead counsel, stating that *"the Labaton firm is very well known to courts for the excellence of its representation."*

In addition, Judge Rakoff commented during a final approval hearing that *"the quality of the representation was superb"* and *"[this case is a] good example of how [the] securities class action device serves laudatory public purposes."*

During a fairness hearing in the *In re American Tower Corporation Securities Litigation*, No. 06-CV-10933 (MLW) (D. Mass.), Chief Judge Mark L. Wolf stated:

> *[t]he attorneys have brought to this case considerable experience and skill as well as energy. Mr. Goldsmith has reminded me of that with his performance today and he maybe educated me to understand it better.*

In *In re Satyam Computer Services Ltd. Securities Litigation*, No. 09-md- 2027 (S.D.N.Y.), Judge Jones commended lead counsel during the final approval hearing noting that the *". . . quality of representation which I found to be very high . . . ."*

In *In re DG Fastchannel, Inc. Securities Litigation*, No. 10 Civ 6523 (RJS), Judge Sullivan remarked in the order granting attorneys' fees and litigation expenses that *"Lead counsel conducted the litigation and achieved the settlement with skillful and diligent advocacy."*

During the final approval hearing in *Bruhl, et al. v. PricewaterhouseCoopers, et al.*, No. 03-23044 (S.D. Fla.), Judge Kenneth Marra stated:

> *I want to thank all of the lawyers for your professionalism. It's been a pleasure dealing with you. Same with my staff. You've been wonderful. The quality of the work was, you know, top notch magnificent lawyering. And I can't say that I'm sad to see the case go, but I certainly look forward to having all of you back in court with me again in some other matters. So thank you again for everything you've done in terms of the way you've handled the case, and I'm going to approve the settlement and the fees.*

In and Around The Community

As a result of our deep commitment to the community, Labaton Sucharow stands out in areas such as *pro bono* legal work and public and community service.

Firm Commitments

The Lawyers' Committee for Civil Rights Under Law
Edward Labaton, Member, Board of Directors

The Firm is a long-time supporter of The Lawyers' Committee for Civil rights Under Law, a nonpartisan, nonprofit organization formed in 1963 at the request of President John F.

Kennedy. The Lawyer's Committee involves the private bar in providing legal services to address racial discrimination.

Labaton Sucharow attorneys have contributed on the federal level to United States Supreme Court nominee analyses (analyzing nominees for their views on such topics as ethnic equality, corporate diversity and gender discrimination) and national voters' rights initiatives.

Volunteer Lawyers For The Arts (VLA)

Labaton Sucharow also supports Volunteer Lawyers for the Arts, working as part of VLA's *pro bono* team representing low-income artists and nonprofit arts organizations. VLA is the leading provider of educational and legal services, advocacy and mediation to the arts community.

Change For Kids

Labaton Sucharow supports Change for Kids and became its Lead School Partner as a Patron of P.S. 73 in the South Bronx.

Individual Attorney Commitments

Labaton Sucharow attorneys serve in a variety of *pro bono* and community service capacities:

- *Pro bono* representation of mentally ill tenants facing eviction, appointed as Guardian ad litem in several housing court actions.
- Recipient of a Volunteer and Leadership Award from a tenants' advocacy organization for work defending the rights of city residents and preserving their fundamental sense of public safety and home.
- Board Member of the Ovarian Cancer Research Fund – the largest private funding agency of its kind supporting research into a method of early detection and, ultimately, a cure for ovarian cancer.

Our attorneys also participate in many charitable organizations, including:

- Big Brothers/Big Sisters of New York City
- Boys and Girls Club of America
- City Harvest

- City Meals-on-Wheels
- Cycle for Survival
- Cystic Fibrosis Foundation
- Dana Farber Cancer Institute
- Food Bank for New York City
- Fresh Air Fund
- Habitat for Humanity
- Lawyers Committee for Civil Rights
- Legal Aid Society
- The National Lung Cancer Partnership
- National MS Society
- National Parkinson Foundation
- New York Cares
- Peggy Browning Fund
- Sanctuary for Families
- Sandy Hook School Support Fund
- Save the Children
- The Sidney Hillman Foundation
- Special Olympics
- Williams Syndrome Association

Women's Initiative and Minority Scholarship

Recognizing that opportunities for advancement and collaboration have not always been equitable to women in business, Labaton Sucharow launched its Women's Networking and Mentoring Initiative in 2007. The Firm founded a Women's Initiative to reflect our commitment to the advancement of women professionals. The goal of the Initiative is to bring professional women together to collectively advance women's influence in business. Each event showcases a successful woman role model as a guest speaker. We actively discuss our respective business initiatives and hear the guest speaker's strategies for success. Labaton Sucharow mentors and promotes the professional achievements of the young women in our ranks and others who join us for events. The Firm also is a member of the National Association of Women Lawyers (NAWL). For more information regarding Labaton Sucharow's

Women's Initiative, please visit http://www.labaton.com/en/about/women/Womens-Initiative.cfm

Further, demonstrating our commitment to diversity in law and to introduce minority students to Labaton Sucharow, in 2006, we established the Labaton Sucharow Minority Scholarship and Internship. The annual award – a grant and a summer associate position – is presented to a first-year minority student from a metropolitan New York law school who has demonstrated academic excellence, community commitment and personal integrity.

The Firm has also instituted a diversity internship in which we invite two students from Hunter College to join us each summer. These interns are rotated through our various departments, shadowing Firm partners and getting a feel for the inner workings of Labaton Sucharow.

Attorneys

Among the attorneys at Labaton Sucharow who are involved in the prosecution of securities actions are partners Lawrence A. Sucharow, Martis Alex, Mark S. Arisohn, Dominic J. Auld, Christine S. Azar, Eric J. Belfi, Joel H. Bernstein, Javier Bleichmar, Thomas A. Dubbs, Joseph A. Fonti, Jonathan Gardner, David J. Goldsmith, Louis Gottlieb, James W. Johnson, Christopher J. Keller, Edward Labaton, Christopher J. McDonald, Jonathan M. Plasse, Ira A. Schochet, Michael W. Stocker, Jordan A. Thomas and Stephen W. Tountas; of counsel attorneys Mark S. Goldman, Terri Goldstone, Thomas G. Hoffman, Jr., Richard T. Joffe, Barry M. Okun, Paul J. Scarlato and Nicole M. Zeiss. A short description of the qualifications and accomplishments of each follows.

Lawrence A. Sucharow, Chairman

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With almost four decades of specialized experience, the Firm's Chairman, Lawrence Sucharow is an internationally recognized trial lawyer and a leader of the class action bar. Under his guidance, the Firm has earned its position as one of the top plaintiffs securities and antitrust class action litigation boutiques in the world. As Chairman, Larry focuses on counseling the Firm's large institutional clients, developing creative and compelling strategies to advance and protect clients' interests, and assist in the prosecution and resolution of many of the Firm's leading cases.

Over the course of his career, Larry has prosecuted hundreds of cases and the Firm has recovered more than $4 billion in groundbreaking securities, antitrust, business transaction, product liability and other class actions. In fact, a landmark case tried in 2002 – *In re Real Estate Associates Limited Partnership Litigation* – was the very first securities action successfully tried to a jury verdict following the enactment of the Private Securities Litigation Reform Act (PSLRA). Experience such as this has made Larry uniquely qualified to evaluate and successfully prosecute class actions.

Other representative matters include: *In re CNL Resorts, Inc. Securities Litigation* ($225 million settlement); *In re Paine Webber Incorporated Limited Partnerships Litigation* ($200 million settlement); *In re Prudential Securities Incorporated Limited Partnerships Litigation* ($110 million partial settlement); *In re Prudential Bache Energy Income Partnerships Securities Litigation* ($91 million settlement); and *Shea v. New York Life Insurance Company* (over $92 million settlement).

In recognition of his career accomplishments and standing at the Bar, in 2010, Larry was selected by *Law360* as one the Ten Most Admired Securities Attorneys in the United States. Further, he is one of a small handful of plaintiff's securities lawyers in the United States

independently selected by each of *Chambers and Partners USA*, *The Legal 500* and *Benchmark Plaintiff* for their respective highest rankings. Larry was honored by his peers by his election to serve a two-year term as President of the National Association of Shareholder and Consumer Attorneys, a membership organization of approximately 100 law firms that practice complex civil litigation including class actions. A longtime supporter of the Federal Bar Council, Larry serves as a trustee of the Federal Bar Council Foundation. He is a member of the Federal Bar Council's Committee on Second Circuit Courts, and the Federal Courts Committee of the New York County Lawyers' Association. He is also a member of the Securities Law Committee of the New Jersey State Bar Association and was the Founding Chairman of the Class Action Committee of the Commercial and Federal Litigation Section of the New York State Bar Association, a position he held from 1988-1994. In addition, Larry serves on the Advocacy Committee of the World Federation of Investors Corporation, a worldwide umbrella organization of national shareholder associations. In addition, Larry serves on the Advocacy Committee of the World Federation of Investors Corporation, a worldwide umbrella organization of national shareholder associations.

Larry has received a rating of AV Preeminent from the publishers of the Martindale-Hubbell directory for the past 25 years.

Larry is admitted to practice in the States of New York, New Jersey and Arizona, as well as before the Supreme Court of the United States, the United States Court of Appeals for the Second Circuit, and the United States District Courts for the Southern and Eastern Districts of New York, the District of New Jersey, and the District of Arizona.

Martis Alex, Partner

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Martis Alex concentrates her practice on prosecuting complex litigation on behalf of institutional investors. She has extensive experience litigating complex nationwide cases,

including securities class actions as well as product liability and consumer fraud litigation. She has successfully represented investors and consumers in cases that achieved cumulative recoveries of hundreds of millions of dollars for plaintiffs. Martis currently represents several foreign financial institutions, seeking recoveries of over a billion dollars in losses in their RMBS investments. She also currently represents domestic pension funds in securities related litigation.

Martis was lead trial counsel and Chair of the Executive Committee in the *Zenith Laboratories Securities Litigation*, a federal securities fraud class action which settled during trial and achieved a significant recovery for investors. She also was lead trial counsel in the *Napp Technologies Litigation*, where she won substantial recoveries for families and firefighters injured in a chemical plant explosion.

Martis played a key role in litigating *In re American International Group, Inc. Securities Litigation* (over $1 billion in settlements, pending final approval). She was also an integral part of the team that successfully litigated *In re Bristol-Myers Squibb Securities Litigation*, which resulted in a $185 million settlement for investors and secured meaningful corporate governance reforms that will affect future consumers and investors alike.

Martis served as co-lead counsel in several securities class actions that achieved substantial awards for investors, including *Cadence Design Securities Litigation*, *Halsey Drug Securities Litigation*, *Slavin v. Morgan Stanley*, *Lubliner v. Maxtor Corp.* and *Baden v. Northwestern Steel and Wire*. She also served on the Executive Committees in national product liability actions against the manufacturers of breast implants, orthopedic bone screws, and atrial pacemakers, and was a member of the Plaintiffs' Legal Committee in the national litigation against the tobacco companies.

Martis is the author of "Women in the Law: Many Mentors, Many Lessons: A Baby Boomer's Perspective," *New York Law Journal*, November 8, 2010 and the co-author of "Role of the Event Study in Loss Causation Analysis," *New York Law Journal*, August 20, 2009.

Prior to entering private practice, Martis was a trial lawyer with the Sacramento, California District Attorney's Office. She is a frequent speaker on various legal topics at national conferences and was an invited speaker at the Federal Judicial Conference. She was also an invited participant at the Aspen Institute Justice and Society Seminar and is a recipient of the American College of Trial Lawyers' Award for Excellence in Advocacy.

Martis is admitted to practice in the States of California and New York as well as before the Supreme Court of the United States, the United States Court of Appeals for the Second Circuit and the United States District Courts for the Western District of Washington, the Southern, Eastern and Western Districts of New York, and the Central District of California.

Mark S. Arisohn, Partner

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Mark S. Arisohn concentrates his practice on prosecuting complex securities fraud cases on behalf of institutional investors. Mark is an accomplished litigator, with nearly 40 years of extensive trial experience in jury and non-jury matters in the state and federal courts nationwide. He has also argued in the New York Court of Appeals, the United States Court of Appeals for the Second Circuit and appeared before the United States Supreme Court in the landmark insider trading case of *Chiarella v. United States*.

Mark's wide-ranging practice has included prosecuting and defending individuals and corporations in cases involving securities fraud, mail and wire fraud, bank fraud and RICO violations. He has represented public officials, individuals and companies in the construction and securities industries as well as professionals accused of regulatory offenses and professional misconduct. He also has appeared as trial counsel for both plaintiffs and

defendants in civil fraud matters and corporate and commercial matters, including shareholder litigation, business torts, unfair competition and misappropriation of trade secrets.

Most recently, Mark was lead trial counsel in a securities class action against BankAtlantic Bancorp, Inc. and several of its highest officers. After a four-week trial in federal court, the jury found BankAtlantic and its two senior officers liable for securities fraud. This was only the tenth securities fraud class action to go to trial since passage of the Private Securities Litigation Reform Act in 1995 and is the first securities class action case arising out of the financial crisis to go to jury verdict. Litigation on aspects of the case is ongoing before the Eleventh Circuit Court of Appeals.

During his impressive career as a trial lawyer, Mark has also authored numerous articles including: "Electronic Eavesdropping," *New York Criminal Practice*, LEXIS - Matthew Bender, 2005**;** "Criminal Evidence," *New York Criminal Practice*, Matthew Bender, 1986; and "Evidence," *New York Criminal Practice*, Matthew Bender, 1987.

Mark is an active member of the Association of the Bar of the City of New York and has served on its Judiciary Committee, the Committee on Criminal Courts, Law and Procedure, the Committee on Superior Courts and the Committee on Professional Discipline. He serves as a mediator for the Complaint Mediation Panel of the Association of the Bar of the City of New York where he mediates attorney client disputes, and as a hearing officer for the New York State Commission on Judicial Conduct where he presides over misconduct cases brought against judges.

Recently, Mark was named to the Recommended List in the field of Securities Litigation by *The Legal 500* and recognized by *Benchmark Plaintiff* as a Local Securities Litigation Star. He has also received a rating of AV Preeminent from the publishers of the Martindale-Hubbell directory.

Mark is admitted to practice in the State of New York and the District of Columbia as well as before the Supreme Court of the United States, the United States Court of Appeals for the Second Circuit, and the United States District Courts for the Southern, Eastern and Northern Districts of New York, the Northern District of Texas, and the Northern District of California.

Dominic J. Auld, Partner

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Dominic J. Auld has over a decade's worth of experience in prosecuting large-scale securities and investment lawsuits. He has also worked in the areas of environmental and antitrust litigation. Dominic is one of the leaders of the Client Monitoring and Case Evaluation Group, working with the team to identify and accurately analyze investment-related matters on behalf of investors potentially damaged by the conduct at issue. In cases directly involving his buy-side investor clients, he takes an active role in the litigation. Dominic also leads the International Litigation Practice, in which he develops and manages the Firm's representation of institutional investors in securities and investment-related cases filed outside the United States. With respect to these roles, Dominic specializes in developing and managing the Firm's outreach to pension systems and sovereign wealth funds outside the United States and in that role he regularly advises clients in Europe, Australia, Asia and across his home country of Canada.

Dominic is a frequent speaker and panelist on topics such as Sovereign Wealth Funds, Corporate Governance, Shareholder Activism, Fiduciary Duty, Corporate Misconduct, SRI, and Class Actions. As a result of his expertise in these areas, he has become a sought-after commentator for issues concerning public pension funds, public corporations and federal regulations.

Dominic is a regular speaker at law and investment conferences, including most recently the IMF (Australia) Shareholder Class Action Conference in Sydney and the 2011 Annual International Bar Association meeting in Dubai. Additionally, Dominic is frequently quoted in newspapers such as *The Financial Times*, *The New York Times*, *USA Today*, *The Times of London*, T*he Evening Standard*, *The Daily Mail*, *The Guardian*, and trade publications like *Global Pensions*, *OP Risk and Regulation*, *The Lawyer*, *Corporate Counsel*, *Investments and Pensions Europe*, *Professional Pensions* and *Benefits Canada*. Recently Dominic published an article on custodian bank fees and their impacts on pension funds globally in *Nordic Regions Pensions and Investment News* magazine and was interviewed by *Corporate Counsel* for a feature article on rogue trading. Dominic is on the front line of reforming the corporate environment, driving improved accountability and responsibility for the benefit of clients, the financial markets and the public as a whole.

Prior to joining Labaton Sucharow, Dominic practiced securities litigation at Bernstein Litowitz Berger & Grossmann LLP, where he began his career as a member of the team responsible for prosecuting the landmark *WorldCom* action which resulted in a settlement of more than $6 billion. He also has a great deal of experience working directly with institutional clients affected by securities fraud; he worked extensively with the Ontario Teachers' Pension Plan in their actions *In re Nortel Networks Corporation Securities Litigation*, *In re Williams Securities Litigation* and *In re Biovail Corporation Securities Litigation* – cases that settled for a total of more than $1.7 billion.

As a law student at Lewis and Clark Law School in Portland, Oregon, Dominic served as a founding member of the law review, *Animal Law*, which explores legal and environmental issues relating to laws such as the Endangered Species Act.

He is admitted to practice in the State of New York.

Christine S. Azar, Partner

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Christine S. Azar is the Partner in Charge of Labaton Sucharow's Wilmington, Delaware Office. A longtime advocate of shareholders' rights, Christine concentrates her practice on prosecuting complex merger and derivative litigation in the Delaware Court of Chancery and throughout the United States.

Christine's caseload represents some of the most sophisticated litigation in her field. Currently, she is representing California State Teachers' Retirement System as co-lead counsel in *In re Wal-Mart Derivative Litigation*. The suit alleges that Wal-Mart's board of directors and management breached their fiduciary duties owed to shareholders and the company as well as violated the company's own corporate governance guidelines, anti-corruption policy and statement of ethics. In *In re Freeport-McMoRan Copper & Gold Inc. Derivative Litigation*, Christine represents shareholders in a suit against the current board of directors of Freeport-McMoRan Copper & Gold Inc. in connection with two acquisitions made by Freeport totaling approximately $20 billion. The suit alleges the transactions were tainted because the directors approving them were not independent nor disinterested: half of the Freeport board of directors comprise a majority of the board of directors of the one company (McMoRan Exploration Co.) and a third of McMoRan is owned or controlled by Plains Exploration & Production Co., the other company Freeport plans to acquire. Most recently, Christine is representing an institutional shareholder in a derivative suit against JP Morgan Chase & Co. ("JPMorgan")and several of its senior officers and directors in *The Police Retirement System of St. Louis v. Bell, et al*. The suit against JPMorgan alleges that the company's offices and directors breached their fiduciary duties by disregarding the risks and allowing the company's traders, specially the infamous "London Whale" to amass billions of dollars of bad bets in the credit derivative market that led to over six billion dollars in losses for the company and a U.S. Senate Committee on Homeland Security & Governmental Affairs Permanent Subcommittee

on Investigations investigation and report entitled "JPMorgan Chase Whale Trades: A Case History of Derivatives Risks and Abuses."

In recent years, Christine has worked on some of the most groundbreaking cases in the field of merger and derivative litigation. Acting as co-lead counsel in *In re El Paso Corporation Shareholder Litigation*, in the Delaware Court of Chancery in which shareholders alleged that acquisition of El Paso by Kinder Morgan, Inc. was improperly influenced by conflicted financial advisors and management, Christine helped secure an unprecedented $110 million settlement for her clients. In *In re TPC Group Inc. Shareholders Litigation*, Christine served as co-lead counsel for plaintiffs in a shareholder class action that alleged breaches of fiduciary duties by the TPC Group, Inc.'s ("TPC") board of directors and management in connection with the buyout of TPC by two private equity firms. During the course of the litigation shareholders received over $79 million in increased merger consideration. Acting as co-lead counsel in *In re J.Crew Shareholder Litigation*, Christine helped secure a settlement that increased the payment to J.Crew's shareholders by $16 million following an allegedly flawed going-private transaction. Christine also assisted in obtaining $29 million in settlements on behalf of Barnes & Noble investors in *In re Barnes & Noble Stockholders Derivative Litigation* which alleged breaches of fiduciary duties by the Barnes & Noble management and board of directors.

Acting as co-lead counsel in *In re RehabCare Group, Inc. Shareholders Litigation*, Christine was part of the team that structured a settlement that included a cash payment to shareholders as well as key deal reforms such as enhanced disclosures and an amended merger agreement. Representing shareholders in *In re Compellent Technologies, Inc. Shareholder Litigation*, regarding the proposed acquisition of Compellent Technologies Inc. by Dell, Inc., Christine was integral in negotiating a settlement that included key deal improvements including elimination of the "poison pill" and standstill agreement with potential future bidders as well as a reduction of the termination fee amount. In *In re The*

Student Loan Corporation, Christine was part of the team that successfully protected the minority shareholders in connection with a complex web of proposed transactions that ran contrary to shareholders' interest by securing a recovery of almost $10 million for shareholders.

Prior to joining Labaton Sucharow, Christine practiced corporate litigation at Blank Rome LLP with a primary focus on disputes related to corporate mismanagement in courts nationwide as well as in the Delaware Court of Chancery. Christine began her career at Grant & Eisenhofer, P.A., where she specialized in the representation of institutional investors in federal and state securities, corporate governance, and breach of fiduciary duty actions. There she served as counsel in *In re Hayes Lemmerz International Bondholder Litigation* and *In re Adelphia Communications Securities Litigation*.

Christine writes regularly on issues of shareholder concern in the national press and is a featured speaker on many topics related to financial reform. Most recently, she authored "Mitigating Risk in a Growing M&A Market," *The Deal*, June 12, 2012 and "Will 'Say on Pay' Votes Prompt Firms to Listen?," *American Banker*, May 1, 2012.

In recognition of her many accomplishments, Christine was recently featured on *The National Law Journal*'s Plaintiffs' Hot List, recommended by *The Legal 500* and named a Local Securities Litigation Star in Delaware by *Benchmark Plaintiff*.

Christine received her J.D. and graduated cum laude from University of Notre Dame Law School and received a B.A. from James Madison University.

In addition to her active legal practice, Christine serves as a Volunteer Guardian Ad Litem in the Office of the Child Advocate. In this capacity, she has represented children in foster care in the state of Delaware to ensure the protection of their legal rights.

Christine is admitted to practice in the States of Delaware, New Jersey and Pennsylvania as well as before the United States Court of Appeals for the Third Circuit and the

United States District Courts for the District of Delaware, the District of New Jersey, and the Eastern District of Pennsylvania.

Eric J. Belfi, Partner

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Representing many of the world's leading pension funds and other institutional investors, Eric J. Belfi concentrates his practice on securities and shareholder litigation. Eric is an accomplished litigator with a wealth of experience in a broad range of commercial matters.

Eric is an integral member of numerous high-profile securities cases that have risen from the credit crisis, including the prosecution against Goldman Sachs. In *In re Goldman Sachs Group, Inc Securities Litigation*, he played a significant role in the investigation and drafting of the operative compliant.

Eric has had pivotal roles in securing settlements in international cases that serve as models for the application of U.S. securities law to international entities. In a case involving one of the most egregious frauds on record, *In re Satyam Computer Securities Services Ltd. Securities Litigation*, Eric was a key member of the team that represented the UK-based Mineworkers' Pension Scheme. He helped to successfully secure $150.5 million in collective settlements and established that Satyam misrepresented the company's earnings and assets. Representing two of Europe's leading pension funds, Deka Investment GmbH and Deka International S.A., Luxembourg, in *In re General Motors Corp. Securities Litigation*, Eric was integral in securing a $303 million settlement in a case regarding multiple accounting manipulations and overstatements by General Motors. Eric was also actively involved in securing a $10.5 million partial settlement in *In re Colonial BancGroup, Inc. Securities Litigation*, regarding material misstatements and omissions in SEC filings by Colonial BancGroup and certain underwriters. Currently, Eric is representing pension funds in a European litigation against Vivendi.

Eric's leadership in the Financial Products & Services Litigation Practice allows Labaton Sucharow to uncover and prosecute malfeasant investment bankers in cutting-edge securities litigations. He is currently litigating two cases which arose out of deceptive practices by custodial banks relating to certain foreign currency transactions; he serves as lead counsel to Arkansas Teachers Retirement System in a class action against the State Street Corporation and certain affiliated entities and he is also representing the Commonwealth of Virginia in its False Claims Act case against Bank of New York Mellon, Inc.

Eric's M&A and derivative experience includes noteworthy cases such as *In re NYSE Euronext Shareholder Litigation* and *In re Medco Health Solutions Inc. Shareholders Litigation*. In the *NYSE Euronext* shareholder case, Eric was a key member of the team that secured a proposed settlement which would have provided a special dividend of nearly a billion dollars to NYSE shareholders if the transaction was completed. In the Medco/Express Script merger, Eric was integrally involved in the negotiation of the settlement which included a significant reduction in the Termination Fee.

Eric's prior experience included serving as an Assistant Attorney General for the State of New York and as an Assistant District Attorney for the County of Westchester. As a prosecutor, Eric investigated and prosecuted white-collar criminal cases, including many securities law violations. He presented hundreds of cases to the grand jury and obtained numerous felony convictions after jury trials.

Eric is a frequent speaker on the topic of shareholder litigation and U.S. class actions in European countries. He also participated in a panel discussion on socially responsible investments for public pension funds during the New England Public Employees' Retirement Systems Forum. He co-authored "The Proportionate Trading Model: Real Science or Junk Science?" 52 *Cleveland St. L. Rev.* 391 (2004-05) and "International Strategic Partnerships to Prosecute Securities Class Actions," *Investment & Pensions Europe*, May 2006.

Eric is admitted to practice in the State of New York as well as before the United States District Courts for the Southern and Eastern Districts of New York, the Eastern District of Michigan, the District of Colorado, the District of Nebraska, and the Eastern District of Wisconsin.

Joel H. Bernstein, Partner

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With more than 35 years of experience in complex litigation, Joel H. Bernstein concentrates his practice on the protection of investors who have been victimized by securities fraud and breach of fiduciary duty. His significant expertise in the area of shareholder litigation has resulted in the recovery of more than a billion dollars in damages to wronged investors.

As a recognized leader in his field, Joel advises large public pension funds, banks, mutual funds, insurance companies, hedge funds and other institutional and individual investors with respect to securities-related litigation in the federal and state courts as well as in arbitration proceedings before the NYSE, FINRA and other self-regulatory organizations.

Joel heads up the Firm's RMBS (Residential Mortgage-Backed Securities) team, representing large domestic and foreign institutional investors that invested more than $5 billion in failed investments, which were at the heart of the current global economic crisis. The RMBS team is comprised of more than 20 attorneys and is currently prosecuting over 50 separate matters. Joel has developed significant experience with RMBS-related matters and served as lead counsel for one of the most prototypical cases arising from the financial crisis, *In re Countrywide Corporation Securities Litigation*. In this matter, he obtained a settlement of $624 million for co-lead plaintiffs, New York State Common Retirement Fund and the New York City Pension Funds.

Joel is currently lead counsel to a class of investors in Massey Energy Corporation stemming from the horrific 2010 mining disaster at the Company's Upper Big Branch coal mine. Joel is also currently litigating two cases which arose out of deceptive practices by custodial banks relating to certain foreign currency transactions; he serves as lead counsel to Arkansas Teachers Retirement System in a class action against the State Street Corporation and certain affiliated entities and he is also representing the Commonwealth of Virginia in its False Claims Act case against Bank of New York Mellon, Inc.

In the past, Joel has played a central role in numerous high profile cases including: *In re Paine Webber Incorporated Limited Partnerships Litigation* ($200 million settlement); *In re Prudential Securities Incorporated Limited Partnerships Litigation* ($130 million settlement); *In re Prudential Bache Energy Income Partnerships Securities Litigation* ($91 million settlement); *Shea v. New York Life Insurance Company* ($92 million settlement); and *Saunders et al. v. Gardner* ($10 million—the largest punitive damage award in the history of the NASD at that time). In addition, Joel was instrumental in securing a $117.5 million settlement in *In re Mercury Interactive Securities Litigation*, the largest settlement at the time in a securities fraud litigation based upon options backdating.

Given his depth of experience, Joel is frequently sought out by the press to comment on securities law and has also authored numerous articles on related issues, including "Stand Up to Your Stockbroker, Your Rights As An Investor." He is a member of the American Bar Association and the New York County Lawyers' Association.

Joel was recognized by *The Legal 500* in the Recommended List in the field of Securities Litigation and by *Benchmark Plaintiff* as a Securities Litigation Star. He was also featured in *The AmLaw Litigation Daily* as Litigator of the Week on May 13, 2010 for his work on *In re Countrywide Financial Corporation Securities Litigation*. Joel has received a rating of AV Preeminent from the publishers of the Martindale-Hubbell directory.

He is admitted to practice in the State of New York as well as before the United States Courts of Appeals for the First, Second, Third and Ninth Circuits and the United States District Courts for the Southern and Eastern Districts of New York. He is a member of the American Bar Association and the New York County Lawyers' Association.

Javier Bleichmar, Partner

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Javier Bleichmar concentrates his practice on prosecuting complex securities fraud cases on behalf of institutional investors. Since joining Labaton Sucharow, Javier was instrumental in securing a $77 million settlement in the *In re St. Paul Travelers Securities Litigation II* on behalf of the lead plaintiff, the Educational Retirement Board of New Mexico. Most recently, Javier played a key role in litigating *In re Bear Stearns Companies, Inc. Securities Litigation* where the Firm secured a $275 million settlement with Bear Stearns Companies, plus a $19.9 million settlement with Deloitte & Touche LLP, Bear Stearns' outside auditor (pending Court approval).

Javier is very active in educating European institutional investors on developing trends in the law, particularly the ability of international investors to participate in securities class actions in the United States. Through these efforts, many of Javier's European clients were able to join the Foundation representing investors in the first securities class action settlement under a recently enacted Dutch statute against Royal Dutch Shell.

Prior to joining Labaton Sucharow, Javier practiced securities litigation at Bernstein Litowitz Berger & Grossmann LLP, where he prosecuted securities actions on behalf of institutional investors. He was actively involved in the *In re Williams Securities Litigation*, which resulted in a $311 million settlement, as well as securities cases involving Lucent Technologies, Inc., Conseco, Inc. and Biovail Corp.

During his time at Columbia Law School, he was a managing editor of the *Journal of Law and Social Problems*. Additionally, he was a Harlan Fiske Stone Scholar. As a law student, Javier served as a law clerk to the Honorable Denny Chin, United States District Court Judge for the Southern District of New York.

After law school, Javier authored the article "Deportation As Punishment: A Historical Analysis of the British Practice of Banishment and Its Impact on Modern Constitutional Law,"14 *Georgetown Immigration Law Journal* 115 (1999).

Javier is a native Spanish speaker and fluent in French.

Javier is admitted to practice in the State of New York as well as before the United States Courts of Appeals for the Second, Eighth and Ninth Circuits and the United States District Courts for the Southern and Eastern Districts of New York, the Northern District of Oklahoma, the Western District of Washington, the Southern District of Florida, the Eastern District of Missouri, and the Northern District of Illinois.

Thomas A. Dubbs, Partner

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A recognized leader in securities-related litigation, Thomas A. Dubbs concentrates his practice on the representation of institutional investors in securities cases.

Tom has served as lead or co-lead counsel in some of the most important federal securities class actions in recent years, including those against American International Group, Goldman Sachs, the Bear Stearns Companies, Broadcom and WellCare. Tom has also played an integral role in securing significant settlements in several high-profile cases including: *In re American International Group, Inc. Securities Litigation* (settlements totaling more than $1 billion pending final court approval); *In re Bear Stearns Companies, Inc. Securities Litigation* ($275 million settlement with Bear Stearns Companies, plus a $19.9 million settlement with Deloitte & Touche LLP, Bear Stearns' outside auditor pending court approval); *In re*

HealthSouth Securities Litigation ($671 million settlement); *Eastwood Enterprises LLC v. Farha et al. (WellCare Securities Litigation)* (over $200 million settlement); *In re Broadcom Corp. Securities Litigation* ($160.5 million settlement and the case against the auditor, Ernst & Young, is ongoing); *In re St. Paul Travelers Securities Litigation* ($144.5 million settlement); and *In re Vesta Insurance Group, Inc. Securities Litigation* ($79 million settlement).

Representing an affiliate of the Amalgamated Bank, the largest labor-owned bank in the United States, a team led by Tom successfully litigated a class action against Bristol-Myers Squibb, which resulted in a settlement of $185 million as well as major corporate governance reforms. He has argued before the United States Supreme Court and has argued ten appeals dealing with securities or commodities issues before the United States Courts of Appeals.

Due to his well-known expertise in securities law, Tom frequently lectures to institutional investors and other groups such as the Government Finance Officers Association, the National Conference on Public Employee Retirement Systems and the Council of Institutional Investors. He is also a prolific author of articles related to his field. His publications include: "Shortsighted?," *Investment Dealers' Digest*, May 29, 2009; "A Scotch Verdict on 'Circularity' and Other Issues," 2009 *Wis. L. Rev*. 455 (2009). He has also written several columns in U.K.-wide publications regarding securities class action and corporate governance. He is the co-author of the following articles: "In Debt Crisis, An Arbitration Alternative," *The National Law Journal*, March 16, 2009; "The Impact of the LaPerriere Decision: Parent Companies Face Liability," *Directors Monthly*, February 1, 2009; "Auditor Liability in the Wake of the Subprime Meltdown," *BNA's Accounting Policy & Practice Report*, November 14, 2009; and "U.S. Focus: Time for Action," *Legal Week*, April 17, 2008.

Prior to joining Labaton Sucharow, Tom was Senior Vice President & Senior Litigation Counsel for Kidder, Peabody & Co. Incorporated where he represented the company in many class actions, including the First Executive and Orange County litigations and was first chair in

many securities trials. Before joining Kidder, Tom was head of the litigation department at Hall, McNicol, Hamilton & Clark, where he was the principal partner representing Thomson McKinnon Securities Inc. in many matters including the Petro Lewis and Baldwin-United class action litigations.

As a result of his many accomplishments, Tom has received the highest ranking from *Chambers and Partners*, an honor he shares with only five other plaintiffs' securities lawyers in the country. He appears on the Recommended List in the field of Securities Litigation and was one of four U.S. plaintiffs' securities lawyers to be named a Leading Lawyer by *The Legal 500*. He has also been recognized by *The National Law Journal*, *Lawdragon 500* and was listed in *Benchmark Plaintiff* as a Local Securities Litigation Star in New York. Tom has received a rating of AV Preeminent from the publishers of the Martindale-Hubbell directory.

He is a member of the New York State Bar Association, the Association of the Bar of the City of New York and is a Patron of the American Society of International Law.

Tom is admitted to practice in the State of New York as well as before the Supreme Court of the United States, the United States Courts of Appeals for the Second, Ninth and Eleventh Circuits, and the United States District Court for the Southern District of New York.

Joseph A. Fonti, Partner

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Joseph A. Fonti concentrates his practice on prosecuting complex securities and investment-related matters on behalf of institutional investors.

Joseph's client commitment, advocacy skills, and results have earned him recognition as a *Law360* "Rising Star." Joseph was one of only five securities lawyers in the country—and the only investor-side securities litigator—to receive the distinction.

In recent years, Joseph has played a significant role in several high-profile cases at the center of the global financial crisis. For instance, he is responsible for prosecuting the

shareholder suit against Morgan Stanley, relating to the bank's multi-billion trading loss on its sub-prime mortgage bets. Joseph also prosecuted the shareholder action against Fannie Mae, which was at ground-zero of the nation's financial collapse. He is also active in Labaton Sucharow's prosecution of claims on behalf of domestic and international private-sector investors with more than $5 billion of residential mortgage-backed securities (RMBS).

With over a decade of experience in investor litigation, Joseph's career is marked by notable and historic success in the area of auditor liability and stock options backdating. Joseph represented shareholders in the $671 million recovery in *In re HealthSouth Securities Litigation*. Particularly, Joseph played a significant role in recovering $109 million from HealthSouth's outside auditor Ernst & Young LLP, one of the largest recoveries to date against an auditing firm. Joseph also contributed to securing a $160.5 million settlement in *In re Broadcom Corp. Securities Litigation*, which, at the time, was the second largest cash settlement involving a company accused of options backdating. The case against the auditor, Ernst & Young, is ongoing.

In addition to representing several of the most significant U.S. institutional investors, Joseph has represented a number of Canada's most significant pension systems. Currently, Joseph is responsible for prosecuting the securities litigation against Computer Sciences Corporation on behalf of one of Canada's largest pension investors. Joseph also led the prosecution of *In re NovaGold Resources Inc. Securities Litigation*, which resulted in the largest settlement under Canada's securities class action laws.

Additionally, Joseph has achieved notable success as an appellate advocate. Joseph successfully argued before the Second Circuit Court of Appeals in *In re Celestica Inc. Securities Litigation*. The Second Circuit reversed an earlier dismissal, and turned the tide of recent decisions by realigning pleading standards in favor of investors. Joseph was also instrumental in the advocacy before the Ninth Circuit Court of Appeals in the *In re Broadcom*

Corp. Securities Litigation. This appellate victory marked the first occasion a court sustained allegations against an outside auditor related to options backdating.

Prior to joining the Firm, Joseph practiced securities litigation at Bernstein Litowitz Berger & Grossmann LLP, where he prosecuted several high-profile matters involving WorldCom, Bristol-Myers, Omnicom and Biovail. Joseph's advocacy contributed to historic recoveries for shareholders, including the $6.15 billion recovery in the WorldCom litigation and the $300 million recovery in the Bristol-Myers litigation.

Joseph began his legal career at Sullivan & Cromwell, where he represented Fortune 100 corporations and financial institutions in complex securities litigations and in multi-faceted SEC investigations and enforcement actions.

During his time at New York University School of Law, Joseph served as a law clerk to the Honorable David Trager, United States District Court Judge for the Eastern District of New York. Joseph was also active in the Marden Moot Court Competition and served as a Student Senator-at-Large of the NYU Senate.

Joseph is a member of the New York State Bar Association and the Association of the Bar of the City of New York.

An active member of his legal and local community, Joseph has represented victims of domestic violence in affiliation with inMotion, an advocacy organization that provides pro *bono legal* services to indigent women.

Joseph is admitted to practice in the State of New York as well as before the Supreme Court of the United States, the United States Courts of Appeals for the Ninth and Eleventh Circuits, and the United States District Courts for the Southern and Eastern Districts of New York.

Jonathan Gardner, Partner

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Jonathan Gardner concentrates his practice on prosecuting complex securities fraud cases on behalf of institutional investors. An experienced litigator, he has played an integral role in securing some of the largest class action recoveries against corporate offenders since the onset of the global financial crisis.

Jonathan has led the Firm's representation of investors in many recent high-profile cases including *Rubin v. MF Global Ltd., et al.*, which involved allegations of material misstatements and omissions in a Registration Statement and Prospectus issued in connection with MF Global's IPO in 2007. In November 2011, the case resulted in a recovery of $90 million for investors. Jonathan also represented lead plaintiff City of Edinburgh Council as Administering Authority of the Lothian Pension Fund in *In re Lehman Brothers Equity/Debt Securities Litigation*, which resulted in settlements totaling $516 million against Lehman Brothers' former officers and directors as well as most of the banks that underwrote Lehman Brothers' offerings. In representing lead plaintiff Massachusetts Bricklayers and Masons Trust Funds in an action against Deutsche Bank, Jonathan secured a $32.5 million dollar recovery for a class of investors injured by the Bank's conduct in connection with certain residential mortgage-backed securities. Most recently, Jonathan was the lead attorney in *In re Carter's Inc. Securities Litigation* that was partially settled for $20 million.

Jonathan has been responsible for prosecuting several of the Firm's options backdating cases, including *In re Monster Worldwide, Inc. Securities Litigation* ($47.5 million settlement); *In re SafeNet, Inc. Securities Litigation* ($25 million settlement); *In re Semtech Securities Litigation* ($20 million settlement); and *In re MRV Communications, Inc. Securities Litigation* ($10 million settlement). He also was instrumental in *In re Mercury Interactive Corp.*

Securities Litigation, which settled for $117.5 million, a figure representing one of the largest settlements or judgments in a securities fraud litigation based upon options backdating.

Jonathan also represented the Successor Liquidating Trustee of Lipper Convertibles, a convertible bond hedge fund, in actions against the Fund's former independent auditor and a member of the Fund's general partner as well as numerous former limited partners who received excess distributions. He has successfully recovered over $5.2 million for the Successor Liquidating Trustee from the limited partners and $29.9 million from the former auditor.

Jonathan is the co-author of "Does 'Dukes' Require Full 'Daubert' Scrutiny at Class Certification," *New York Law Journal*, November 25, 2011 and "Pre-Confirmation Remedies to Assure Collection of Arbitration Rewards," *New York Law Journal*, October 12, 2010.

He is a member of the New York State Bar Association and the Association of the Bar of the City of New York.

Jonathan is admitted to practice in the State of New York as well as before the United States Court of Appeals for the Ninth and Eleventh Circuits and the United States District Courts for the Southern and Eastern Districts of New York, and the Eastern District of Wisconsin.

David J. Goldsmith, Partner

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David J. Goldsmith has nearly 15 years of experience representing public and private institutional investors in a wide variety of securities and class action litigations. In recent years, David's work has directly led to record recoveries against corporate offenders in some of the most complex and high profile securities class actions.

David was an integral member of the team representing the New York State Common Retirement Fund and New York City pension funds as lead plaintiffs in *In re Countrywide*

Financial Corporation Securities Litigation, which settled for $624 million. David currently represents these clients in an appeal brought by Countrywide's 401(k) plan in the Ninth Circuit concerning complex settlement allocation issues.

Current assignments include representations of a large German banking institution and a major Irish special-purpose vehicle in multiple actions alleging fraud in connection with residential mortgage-backed securities issued by Barclays, Credit Suisse, Goldman Sachs, Royal Bank of Scotland, and others; representation of a state pension fund in a notable action alleging deceptive acts and practices by State Street Bank in connection with foreign currency exchange trades executed for its custodial clients; and representation of a hedge fund and other investors with allegations of harm by the well-publicized collapse of four Regions Morgan Keegan closed-end investment companies.

David has regularly represented the Genesee County (Michigan) Employees' Retirement System in securities and shareholder matters, including pending or settled actions against CBeyond, Inc., Compellent Technologies, Inc., Merck & Co., Spectranetics Corporation, Stryker Corporation, and Transaction Systems Architects, Inc.

During law school, David was Managing Editor of the Cardozo Arts & Entertainment Law Journal and served as a judicial intern to the Honorable Michael B. Mukasey, then a United States District Judge for the Southern District of New York.

For many years, David has been a member of the AmorArtis Chamber Choir, a renowned choral organization with a repertoire ranging from Palestrina to Bach, Mozart to Bruckner, and Stravinsky to Bernstein.

He is admitted to practice in the States of New York and New Jersey as well as before the United States Courts of Appeals for the First, Second, Fifth, Eighth and Ninth Circuits and

the United States District Courts for the Southern and Eastern Districts of New York, the District of New Jersey, the District of Colorado, and the Western District of Michigan.

Louis Gottlieb, Partner

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Louis Gottlieb concentrates his practice on representing institutional and individual investors in complex securities and consumer class action cases. He has played a key role in some of the most high-profile securities class actions in recent history, securing significant recoveries for plaintiffs and ensuring essential corporate governance reforms to protect future investors, consumers and the general public.

Lou was integral in prosecuting *In re American International Group, Inc. Securities Litigation* (settlements totaling more than $1 billion pending final court approval). He also helped lead major class action cases against the company and related defendants in *In re Satyam Computer Services, Ltd. Securities Litigation* ($150.5 million settlement). He has led successful litigation teams in securities fraud class action litigations against Metromedia Fiber Networks and Pricesmart, as well as consumer class actions against various life insurance companies on behalf of the insured.

In the Firm's representation of the Connecticut Retirement Plans and Trust Funds in *In re Waste Management, Inc. Securities Litigation*, Lou's efforts were essential in securing a $457 million settlement. The settlement also included important corporate governance enhancements, including an agreement by management to support a campaign to obtain shareholder approval of a resolution to declassify its board of directors, and a resolution to encourage and safeguard whistleblowers among the company's employees. Acting on behalf of New York City pension funds in *In re Orbital Sciences Corporation Securities Litigation*, Lou helped negotiate the implementation of measures concerning the review of financial results, the composition, role and responsibilities of the Company's Audit and Finance committee, and

the adoption of a Board resolution providing guidelines regarding senior executives' exercise and sale of vested stock options.

Lou was a leading member of the team in the *Napp Technologies Litigation* that won substantial recoveries for families and firefighters injured in a chemical plant explosion. Lou has had a major role in national product liability actions against the manufacturers of orthopedic bone screws and atrial pacemakers, and in consumer fraud actions in the national litigation against tobacco companies.

A well-respected litigator, Lou has made presentations on punitive damages at Federal Bar Association meetings and has spoken on securities class actions for institutional investors.

Lou brings a depth of experience to his practice from both within and outside of the legal sphere. He graduated first in his class from St. John's School of Law. Prior to joining Labaton Sucharow, he clerked for the Honorable Leonard B. Wexler of the Eastern District of New York, and he was a litigation associate with Skadden Arps Slate Meagher & Flom. He has also enjoyed successful careers as a public school teacher and as a restauranteur.

Lou is admitted to practice in the States of New York and Connecticut as well as before the United States Courts of Appeals for the Fifth and Seventh Circuits and the United States District Courts for the Southern and Eastern Districts of New York.

James W. Johnson, Partner

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James W. Johnson concentrates his practice on complex securities fraud cases. In representing investors who have been victimized by securities fraud and breach of fiduciary responsibility, Jim's advocacy has resulted in record recoveries for wronged investors.

A recognized leader in his field, Jim currently serves as lead or co-lead counsel in high-profile federal securities class actions against Goldman Sachs Group and the Bear Stearns Companies, among others.

In recent years, Jim has successfully litigated a number of complex securities and RICO class actions including: *In re Bear Stearns Companies, Inc. Securities Litigation* ($275 million settlement with Bear Stearns Companies, plus a $19.9 million settlement with Deloitte & Touche LLP, Bear Stearns' outside auditor; pending court approval); *In re HealthSouth Corp. Securities Litigation* ($671 million settlement); *Eastwood Enterprises LLC v. Farha et al. (WellCare Securities Litigation)* ($200 million settlement); *In re Vesta Insurance Group, Inc. Securities Litigation* ($79 million settlement); *In re Bristol Myers Squibb Co. Securities Litigation* ($185 million settlement), in which the court also approved significant corporate governance reforms and recognized plaintiff's counsel as "extremely skilled and efficient"; and *In re National Health Laboratories, Inc. Securities Litigation*, which resulted in a recovery of $80 million in the federal action and a related state court derivative action.

In *County of Suffolk v. Long Island Lighting Co.*, Jim represented the plaintiff in a RICO class action, securing a jury verdict after a two-month trial that resulted in a $400 million settlement. The Second Circuit, in awarding attorneys' fees to the plaintiff, quoted the trial judge, Honorable Jack B. Weinstein, as stating, "counsel [has] done a superb job [and] tried this case as well as I have ever seen any case tried." On behalf of Native Americans, he also assisted in prosecuting environmental damage claims resulting from the Exxon Valdez oil spill.

He is the co-author of "The Impact of the LaPerrierre Decision: Parent Companies Face Liability," *Directors Monthly*, February 2009.

Jim is a member of the American Bar Association and the Association of the Bar of the City of New York, where he served on the Federal Courts Committee.

Jim has received a rating of AV Preeminent from the publishers of the Martindale-Hubbell directory. He is a Fellow in the Litigation Council of America.

He is admitted to practice in the States of New York and Illinois as well as before the Supreme Court of the United States, the United States Courts of Appeals for the Second,

Third, Fourth, Fifth, Seventh and Eleventh Circuits, and the United States District Courts for the Southern, Eastern and Northern Districts of New York, and the Northern District of Illinois.

Christopher J. Keller, Partner

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Christopher J. Keller concentrates his practice in sophisticated complex securities litigation. His clients are institutional investors, including some of the largest public and private pension funds with tens of billions of dollars under management.

Chris has been instrumental in the Firm's appointments as lead counsel in some of the largest securities litigations to arise out of the financial crisis, such as actions against Morgan Stanley, Fannie Mae, Goldman Sachs, Countrywide ($624 million settlement) and Bear Stearns ($275 million settlement with Bear Stearns Companies, plus a $19.9 million settlement with Deloitte & Touche LLP, Bear Stearns' outside auditor; pending court approval).

Chris was also a principal litigator on the trial team of *In re Real Estate Associates Limited Partnership Litigation*. The six-week jury trial resulted in a $184 million plaintiffs' verdict, one of the largest jury verdicts since the passage of the Private Securities Litigation Reform Act.

In addition to his active caseload, Chris holds a variety of leadership positions within the Firm, including serving on the Firm's Executive Committee. In response to the evolving needs of our clients, Chris also established, and currently leads, the Case Evaluation Group, which is comprised of attorneys, in-house investigators, financial analysts and forensic accountants. The Group is responsible for evaluating clients' financial losses and analyzing their potential legal claims both in and outside of the U.S. and track trends that are of potential concern to investors.

Educating institutional investors is a significant element of Chris' advocacy efforts for shareholder rights. He is regularly called upon for presentations on developing trends in the

law and new case theories at annual meetings and seminars for institutional investors. He is also a prolific writer and his articles include: "The Benefits of Investor Protection," *Law360*, October 11, 2011; "SEC Contemplating Governance Reforms," *Executive Counsel*, January 2011; "Is the Shield Beginning to Crack?," *New York Law Journal*, November 15, 2010; "Say What? Pay What? Real World Approaches to Executive Compensation Reform," *Corporate Counsel*, August 5, 2010; "Reining in the Credit Ratings Industry," *New York Law Journal*, January 11, 2010; "Japan's Past Recession Provides a Cautionary Tale," *The National Law Journal*, April 13, 2009; and "Balancing the Scales: The Use of Confidential Witnesses in Securities Class Actions," BNA's *Securities Regulation & Law Report*, January 19, 2009.

He is a member of several professional groups, including the New York State Bar Association and the New York County Lawyers' Association.

He is admitted to practice in the State of New York as well as before the Supreme Court of the United States and the United States District Courts for the Southern and Eastern Districts of New York, the Eastern District of Wisconsin, and the District of Colorado.

Edward Labaton, Partner

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An accomplished trial lawyer and partner with the Firm, Edward Labaton has devoted 50 years of practice to representing a full range of clients in class action and complex litigation matters in state and federal court. Ed has played a leading role as plaintiffs' class counsel in a number of successfully prosecuted, high-profile cases, involving companies such as PepsiCo, Dun & Bradstreet, Financial Corporation of America, ZZZZ Best, Revlon, GAF Co., American Brands, Petro Lewis and Jim Walter, as well as several Big Eight (now Four) accounting firms. He has also argued appeals in state and federal courts, achieving results with important precedential value.

Ed has been President of the Institute for Law and Economic Policy (ILEP) since its founding in 1996. Each year, the Institute co-sponsors at least one symposium with a major law school dealing with issues relating to the civil justice system. In 2010, he was appointed to the newly formed Advisory Board of George Washington University's Center for Law, Economics, & Finance (C-LEAF), a think tank within the Law School, for the study and debate of major issues in economic and financial law confronting the United States and the globe. Ed is also a member of the Advisory Committee of the Weinberg Center for Corporate Governance of the University of Delaware, a Director of the Lawyers' Committee for Civil Rights under Law, a member of the American Law Institute, and a life member of the ABA Foundation. In addition, he has served on the Executive Committee and has been an officer of the Ovarian Cancer Research Fund since its inception in 1996.

Ed is the past Chairman of the Federal Courts Committee of the New York County Lawyers Association, and was a member of the Board of Directors of that organization. He is an active member of the Association of the Bar of the City of New York, where he was Chair of the Senior Lawyers' Committee and served on its Task Force on the Role of Lawyers in Corporate Governance. He has also served on its Federal Courts, Federal Legislation, Securities Regulation, International Human Rights and Corporation Law Committees. He also served as Chair of the Legal Referral Service Committee, a joint committee of the New York County Lawyers' Association and the Association of the Bar of the City of New York. He has been an active member of the American Bar Association, the Federal Bar Council and the New York State Bar Association, where he has served as a member of the House of Delegates.

Ed is the co-author of "It's Time to Resuscitate the Shareholder Derivative Action," *The Panic of 2008: Causes, Consequences, and Implications for Reform*, Lawrence Mitchell and Arthur Wilmarth, Jr., eds., (Edward Elgar, 2010). For more than 30 years, he has lectured on many topics including federal civil litigation, securities litigation and corporate governance.

Ed has received a rating of AV Preeminent from the publishers of the Martindale-Hubbell directory.

He is admitted to practice in the State of New York as well as before the Supreme Court of the United States, the United States Courts of Appeals for the Second, Fifth, Sixth, Seventh, Ninth, Tenth and Eleventh Circuits, and the United States District Courts for the Southern and Eastern Districts of New York, and the Central District of Illinois.

Christopher J. McDonald, Partner

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Christopher J. McDonald concentrates his practice on prosecuting complex securities fraud cases. Chris also works with the Firm's Antitrust & Competition Litigation Practice, representing businesses, associations and individuals injured by anticompetitive activities and unfair business practices.

In the securities field, Chris is currently co-lead counsel in *In re Schering-Plough Corporation / ENHANCE Securities Litigation*, and lead counsel in *In re Amgen Inc. Securities Litigation*. He was also an integral part of the team that successfully litigated *In re Bristol-Myers Squibb Securities Litigation*, where Labaton Sucharow secured a $185 million settlement, as well as significant corporate governance reforms, on behalf of Bristol-Myers shareholders. The settlement with Bristol-Myers is the largest ever obtained against a pharmaceutical company in a securities fraud case that did not hinge on a restatement of financial results.

In the antitrust field, Chris was most recently co-lead counsel in *In re TriCor Indirect Purchaser Antitrust Litigation*, obtaining a $65.7 million settlement on behalf of the Class.

Chris began his legal career at Patterson, Belknap, Webb & Tyler LLP, where he gained extensive trial experience in areas ranging from employment contract disputes to false advertising claims. Later, as a senior attorney with a telecommunications company, Chris

advocated before government regulatory agencies on a variety of complex legal, economic, and public policy issues. Since joining Labaton Sucharow, Chris' practice has developed a focus on life sciences industries; his cases often involve pharmaceutical, biotechnology or medical device companies accused of wrongdoing.

During his time at Fordham University School of Law, Chris was a member of the *Law Review*. He is currently a member of the New York State Bar Association and the Association of the Bar of the City of New York.

Chris is admitted to practice in the State of New York as well as before the United States Courts of Appeals for the Second, Third and Ninth Circuits and the United States District Courts for the Southern and Eastern Districts of New York, and the Western District of Michigan.

Jonathan M. Plasse, Partner

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An accomplished litigator, Jonathan M. Plasse has more than 30 years of experience in the prosecution of complex cases involving securities class action, derivative, transactional and consumer litigation. He has played a key role in litigating many of the most high-profile securities class actions ever filed including architecting significant settlements and aggressive corporate governance reforms to protect the public and investors alike. Currently, he is prosecuting securities class actions against Schering-Plough, Fannie Mae and Morgan Stanley.

Most recently, Jon served as lead counsel in two related securities class actions brought against Oppenheimer Funds, Inc., and obtained a $100 million global settlement. Jon was also an integral member of the team representing the New York State Common Retirement Fund and the New York City pension funds as Lead plaintiffs in *In re Countrywide Financial Corporation Securities Litigation*. The $624 million settlement was the largest securities fraud settlement at the time. His other recent successes include serving as co-lead

counsel in *In re General Motors Corp. Securities Litigation* ($303 million settlement) and *In re El Paso Corporation Securities Litigation* ($285 million settlement). Jon also acted as Lead Counsel in *In re Waste Management Inc. Securities Litigation*, where he represented the Connecticut Retirement Plans and Trusts Funds, and obtained a settlement of $457 million.

Since 2010, Jon has served as the Chair of the Securities Litigation Committee of the Association of the Bar of the City of New York. In addition, he also regularly chairs and is a frequent speaker at programs, classes and continuing legal education seminars relating to securities class action litigation.

During his time at Brooklyn Law School, Jon served as a member of the *Brooklyn Journal of International Law*. An avid photographer, Jon has published three books, including *The Stadium*, a collection of black-and-white photographs of the original Yankee Stadium, released by SUNY Press in September 2011.

Jon has received a rating of AV Preeminent from the publishers of the Martindale-Hubbell directory.

He is admitted to practice in the State of New York as well as before the United States Court of Appeals for the Second Circuit and the United States District Courts for the Southern and Eastern Districts of New York.

Ira A. Schochet, Partner

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A seasoned litigator with three decades of experience, Ira A. Schochet concentrates his practice on class actions involving securities fraud. Ira has played a lead role in securing multi-million dollar recoveries and major corporate governance reforms in high-profile cases such as those against Countrywide Financial, Caterpillar, Spectrum Information Technologies, InterMune and Amkor Technology.

A longtime leader in the securities class action bar, Ira represented one of the first institutional investors acting as a lead plaintiff in a post-Private Securities Litigation Reform Act case and ultimately obtained one of the first rulings interpreting the statute's intent provision in a manner favorable to investors. His efforts are regularly recognized by the courts, including in *Kamarasy v. Coopers & Lybrand*, where the court remarked on "the superior quality of the representation provided to the class." Further, in approving the settlement he achieved in *In re InterMune Securities Litigation*, the court complimented Ira's ability to secure a significant recovery for the class in a very efficient manner, shielding the class from prolonged litigation and substantial risk.

From 2009-2011, Ira served as President of the National Association of Shareholder and Consumer Attorneys (NASCAT), a membership organization of approximately 100 law firms that practice class action and complex civil litigation. During this time, he represented the plaintiffs' securities bar in meetings with members of Congress, the Administration, and the SEC.

Since 1996, Ira has served as chairman of the Class Action Committee of the Commercial and Federal Litigation Section of the New York State Bar Association. During his tenure, he has served on the Executive Committee of the Section and authored important papers on issues relating to class action procedure including revisions proposed by both houses of Congress and the Advisory Committee on Civil Procedure of the United States Judicial Conference. Examples include: "Proposed Changes in Federal Class Action Procedure"; "Opting Out On Opting In" and "The Interstate Class Action Jurisdiction Act of 1999." He also has lectured extensively on securities litigation at continuing legal education seminars.

Ira was featured in *The AmLaw Litigation Daily* as Litigator of the Week on September 13, 2012 for his work in *In re El Paso Corporation Shareholder Litigation*. He has also been

awarded an AV Preeminent rating, the highest distinction, from the publishers of the Martindale-Hubbell directory.

He is admitted to practice in the State of New York as well as before the United States Court of Appeals for the Second Circuit and the United States District Courts for the Southern and Eastern Districts of New York, the Central District of Illinois, and the Northern District of Texas.

Michael W. Stocker, Partner

mstocker@labaton.com

Michael W. Stocker represents institutional investors in a broad range of class action litigation, corporate governance and securities matters.

A tireless proponent of corporate reform, Mike's caseload reflects his commitment to effect meaningful change that benefits his clients and the markets in which they operate. In *Eastwood Enterprises LLC v. Farha et al.* (*WellCare Securities Litigation*), Mike was a core part of the legal team that prosecuted a complex securities matter against a major healthcare provider that had allegedly engaged in a massive Medicaid fraud and pervasive insider trading. The case settled for more than $200 million with additional financial protections built into the settlement to protect shareholders from losses in the future.

Mike also was an instrumental part of the team that took on American International Group, Inc. and 21 other defendants in one of the most significant securities class actions of the decade. In this closely watched case, the Firm negotiated a recovery of more than $1 billion, the largest securities settlement of 2010. Most recently, Mike played a key role in litigating *In re Bear Stearns Companies, Inc. Securities Litigation* where the Firm secured a $275 million settlement with Bear Stearns, plus a $19.9 million settlement with Deloitte & Touche LLP, Bear Stearns' outside auditor (pending court approval).

In a case against one of the world's largest pharmaceutical companies, *In re Abbott Laboratories Norvir Antitrust Litigation*, Mike played a leadership role in litigating a landmark action arising at the intersection of antitrust and intellectual property law. The novel settlement in the case created a multi-million dollar fund to benefit nonprofit organizations serving individuals with HIV. In recognition of his work on *Norvir*, he was named to the prestigious Plaintiffs' Hot List by the *National Law Journal* and also received the 2010 Courage Award from the AIDS Resource Center of Wisconsin. Mike was also recognized by *Benchmark Plaintiff* as a Local Securities Litigation Star.

A prolific writer on issues relating to shareholder advocacy and corporate reform, Mike's articles have appeared in national publications including *Forbes.com*, *Institutional Investor*, *Pensions & Investments*, *Corporate Counsel* and the *New York Law Journal*. He is also regularly called upon for commentary by print and television media, including Fox Business, BBC4 Radio and the Canadian Broadcasting Corporation's Lang & O'Leary Exchange. Mike serves as the Chief Contributor to *Eyes On Wall Street*, Labaton Sucharow's blog on economics, corporate governance and other issues of interest to investors. Mike also directly participates in advocacy efforts such as his longtime work guiding non-profit consumer protection groups on many issues such as reform of the credit rating industry.

Earlier in his career, Mike served as a senior staff attorney with the United States Court of Appeals for the Ninth Circuit, and completed a legal externship with federal Judge Phyllis J. Hamilton, currently sitting in the U.S. District Court for the Northern District of California. He earned a B.A. from the University of California, Berkeley, a Master of Criminology from the University of Sydney, and a J.D. from University of California's Hastings College of the Law. His educational background provides unique insight into white-collar crime, an issue at the core of many of the cases he litigates.

He is an active member of the National Association of Public Pension Plan Attorneys (NAPPA). He is also a member of the New York State Bar Association and the Association of the Bar of the City of New York.

He is admitted to practice in the States of California and New York as well as before the United States Courts of Appeals for the Second, Eighth and Ninth Circuits and the United States District Courts for the Northern and Central Districts of California and the Southern and Eastern Districts of New York.

Jordan A. Thomas, Partner

jthomas@labaton.com

Jordan A. Thomas exclusively concentrates his practice on investigating and prosecuting securities fraud on behalf of whistleblowers and institutional clients. As Chair of the Firm's Whistleblower Representation practice, Jordan protects and advocates for whistleblowers throughout the world who have information about potential violations of the federal securities laws. He also is the Editor of SECwhistleblowerадvocate.com, a website dedicated to helping responsible organizations establish a culture of integrity and courageous whistleblowers to report possible securities violations—without personal or professional regrets.

A career public servant and seasoned trial lawyer, Jordan joined Labaton Sucharow from the Securities and Exchange Commission where he served as an Assistant Director and, previously, as an Assistant Chief Litigation Counsel in the Division of Enforcement. He had a leadership role in the development of the Commission's Whistleblower Program, including leading fact-finding visits to other federal agencies with whistleblower programs, drafting the proposed legislation and implementing rules and briefing House and Senate staffs on the proposed legislation. He is also the principal architect and first National Coordinator of the Commission's Cooperation Program, an initiative designed to facilitate and incentivize

individuals and companies to self-report securities violations and participate in its investigations and related enforcement actions. In recognition of his important contributions to these national initiatives, while at the Commission, Jordan was a recipient of the Arthur Mathews Award, which recognizes "sustained demonstrated creativity in applying the federal securities laws for the benefit of investors," and, on two occasions, the Law and Policy Award.

Throughout his tenure at the Commission, Jordan was assigned to many of the Commission's highest-profile matters such as those involving Enron, Fannie Mae, UBS, and Citigroup. He successfully investigated, litigated and supervised a wide variety of enforcement matters involving violations of the Foreign Corrupt Practices Act, issuer accounting fraud and other disclosure violations, audit failures, insider trading, market manipulations, offering frauds and broker-dealer, investment adviser and investment company violations. His cases resulted in monetary relief for harmed investors in excess of $35 billion.

Prior to joining the Commission, Jordan was a Trial Attorney at the Department of Justice, where he specialized in complex financial services litigation involving the FDIC and Office of Thrift Supervision. He began his legal career as a Navy Judge Advocate on active duty and continues to serve as a senior officer in the Reserve Law Program. Earlier, Jordan worked as a stockbroker.

Throughout his career, Jordan has received numerous awards and honors. At the Commission, he was the recipient of four Chairman's Awards, four Division Director's Awards and a Letter of Commendation from the United States Attorney for the District of Columbia. He is also a decorated military officer, who has twice been awarded the Rear Admiral Hugh H. Howell Award of Excellence—the highest attorney award the Navy can bestow upon a reserve judge advocate.

Jordan is a sought-after writer, speaker and media commentator on securities enforcement and whistleblower issues.

Jordan is admitted to practice in the States of New York and New Mexico as well as the District of Columbia.

Stephen W. Tountas, Partner

stountas@labaton.com

Stephen W. Tountas concentrates his practice on prosecuting highly complex securities fraud cases on behalf of institutional investors. In recent years, Steve has developed a recognized expertise in auditor liability and has played a significant role in securing multi-million dollar recoveries in several high-profile cases.

Currently, Steve is actively involved in prosecuting *In re MF Global Holdings Ltd. Securities Litigation; In re Schering-Plough Corp. / ENHANCE Securities Litigation* and *In re Celestica Inc. Securities Litigation.*

Since joining Labaton Sucharow, Steve has been responsible for prosecuting several securities class actions arising from options backdating including: *In re Broadcom Corp. Securities Litigation* ($160.5 million settlement and the case against the auditor, Ernst & Young LLP, is ongoing); *In re American Tower Corp. Securities Litigation* ($14 million settlement); *In re Amkor Technologies Inc. Securities Litigation* ($11.25 million settlement); and *In re HCC Insurance Holdings, Inc. Securities Litigation* ($10 million settlement).

Steve was also a key member of the team responsible for representing the New York City Employees' Retirement System and the Division of Investment of the New Jersey Department of the Treasury in two individual actions arising from the massive fraud at Adelphi Communications Corp., and was instrumental in prosecuting *In re VERITAS Software Corp. Securities Litigation*, which settled for $21.5 million.

Steve also has substantial appellate experience and has successfully briefed several appeals before the U.S. Court of Appeals for the Ninth, Second and Third Circuits.

Prior to joining Labaton Sucharow, Steve practiced securities litigation at Bernstein Litowitz Berger & Grossmann LLP. There he prosecuted the *In re OM Group, Inc. Securities Litigation*, which resulted in a settlement of $92.4 million. In addition, his work on the securities class action against Biovail Corp. contributed to obtaining a settlement of $138 million.

During his time at Washington University School of Law, Steve served as Editor-in-Chief of the *Journal of Law & Policy* and was a finalist in the Environmental Law Moot Court Competition. Additionally, he worked as a research assistant to Joel Seligman, one of the country's foremost experts on securities regulation.

Steve serves as Secretary of the Securities Litigation Committee for the New York City Bar Association.

Steve is admitted to practice in the States of New York and New Jersey as well as before the United States Courts of Appeals for the Second, Third and Ninth Circuits and the United States District Courts for the Southern District of New York and the District of New Jersey.

Mark S. Goldman, Of Counsel

mgoldman@labaton.com

Mark S. Goldman has 24 years of experience in commercial litigation, primarily litigating class actions involving securities fraud, consumer fraud and violations of federal and state antitrust laws.

Mark is currently prosecuting securities fraud claims on behalf of institutional and individual investors against hedge funds that misrepresented the net asset value of investors' shares, against a company in the video rental market that allegedly provided investors with overly optimistic guidance, and against the parent of a leading shoe retailer which was acquired by its subsidiary without fully disclosing the terms of the transaction or reasons that

the transaction was in the minority investors' best interest. In addition, Mark is participating in litigation brought against international air cargo carriers charged with conspiring to fix fuel and security surcharges, and domestic manufacturers of air filters, OSB, flat glass and chocolate, also charged with price-fixing.

Mark successfully litigated a number of consumer fraud cases brought against insurance companies challenging the manner in which they calculated life insurance premiums. He also prosecuted a number of insider trading cases brought against company insiders who, in violation of Section 16(b) of the Securities Exchange Act, engaged in short swing trading. In addition, Mark participated in the prosecution of *In re AOL Time Warner Securities Litigation*, a massive securities fraud case that settled for $2.5 billion.

He is a member of the Philadelphia Bar Association.

Mark has been awarded an AV Preeminent rating, the highest distinction, from the publishers of the Martindale-Hubbell directory.

He is admitted to practice in the Commonwealth of Pennsylvania.

Terri Goldstone, Of Counsel

tgoldstone@labaton.com

Terri Goldstone concentrates her practice on prosecuting complex securities litigations on behalf of institutional investors.

Prior to joining Labaton Sucharow, Terri worked as an associate at Schwartz Goldstone & Campisi LLP. During her time there, she litigated personal injury cases and was the liaison to union members injured in the course of their employment.

Terri began her career as an Assistant District Attorney at the Bronx County District Attorney's Office.

Terri received a J.D. from Emory University School of Law, and she earned a B.A., *cum laude*, in Economics and Pre-Law, from American University.

Terri is admitted to practice in the State of New York.

Thomas G. Hoffman, Jr., Of Counsel

thoffman@labaton.com

Thomas G. Hoffman, Jr. concentrates his practice on prosecuting complex securities fraud cases on behalf of institutional investors.

Currently, Thomas is actively involved in prosecuting *In re Goldman Sachs, Inc. Securities Litigation*. Most recently, he was part of the Labaton Sucharow team that recovered more than $1 billion (subject to court approval) in the six-year litigation against American International Group, Inc.

Prior to joining Labaton Sucharow, Thomas served as a litigation associate at Latham & Watkins LLP, where he practiced complex commercial litigation in federal and state courts. While at Latham & Watkins, his areas of practice included audit defense and securities litigation.

Thomas received a J.D. from UCLA School of Law, where he was Editor-in-Chief of the *UCLA Entertainment Law Review*, and served as a Moot Court Executive Board Member. In addition, he was a judicial extern to the Honorable William J. Rea, United States District Court for the Central District of California. Thomas earned a B.F.A., with honors, from New York University.

Thomas is admitted to practice in the State of New York as well as before the United States District Courts for the Southern and Eastern Districts of New York.

Richard T. Joffe, Of Counsel

rjoffe@labaton.com

Richard Joffe's practice focuses on class action litigation, including securities fraud, antitrust and consumer fraud cases. Since joining the Firm, Rich has represented such varied clients as institutional purchasers of corporate bonds, Wisconsin dairy farmers, and consumers

who alleged they were defrauded when they purchased annuities. He played a key role in shareholders obtaining a $303 million settlement of securities claims against General Motors and its outside auditor.

Prior to joining Labaton Sucharow, Rich was an associate at Gibson, Dunn & Crutcher LLP, where he played a key role in obtaining a dismissal of claims against Merrill Lynch & Co. and a dozen other of America's largest investment banks and brokerage firms, who, in *Friedman v. Salomon/Smith Barney, Inc.*, were alleged to have conspired to fix the prices of initial public offerings.

Rich also worked as an associate at Fried, Frank, Harris, Shriver & Jacobson where, among other things, in a case handled *pro bono*, he obtained a successful settlement for several older women who alleged they were victims of age and sex discrimination when they were selected for termination by New York City's Health and Hospitals Corporation during a city-wide reduction in force.

He co-authored "Protection Against Contribution and Indemnification Claims" in *Settlement Agreements in Commercial Disputes* (Aspen Law & Business, 2000).

Long before becoming a lawyer, Rich was a founding member of the internationally famous rock and roll group, Sha Na Na.

He is admitted to practice in the State of New York as well as before the United States Courts of Appeals for the Second, Third, Ninth and Eleventh Circuits, and the United States District Courts for the Southern and Eastern Districts of New York.

Barry M. Okun, Of Counsel

bokun@labaton.com

Barry M. Okun is a seasoned trial and appellate lawyer with more than 30 years' experience in a broad range of commercial litigation. Currently, Barry is actively involved in prosecuting *In re Goldman Sachs Group, Inc. Securities Litigation*. Most recently, he was part

of the Labaton Sucharow team that recovered more than $1 billion (subject to court approval) in the six-year litigation against American International Group, Inc. Barry also played a key role representing the Successor Liquidating Trustee of Lipper Convertibles, L.P. and Lipper Fixed Income Fund, L.P., failed hedge funds, in actions against the Fund's former auditors, overdrawn limited partners and management team. He helped recover $5.2 million from overdrawn limited partners and $30 million from the Fund's former auditors.

Barry has litigated several leading commercial law cases, including the first case in which the United States Supreme Court ruled on issues relating to products liability. He has argued appeals before the United States Court of Appeals for the Second and Seventh Circuits and the Appellate Divisions of three out of the four judicial departments in New York State. Barry has appeared in numerous trial courts throughout the country.

He received a J.D., *cum laude*, from Boston University School of Law, where he was the Articles Editor of the *Law Review*. Barry earned a B.A., with a citation for academic distinction, in History from the State University of New York at Binghamton.

Barry has been awarded an AV Preeminent rating, the highest distinction, from the publishers of the Martindale-Hubbell directory.

He is admitted to practice in the State of New York as well as before the Supreme Court of the United States, the United States Courts of Appeals for the First, Second, Seventh and Eleventh Circuits, and the United States District Courts for the Southern and Eastern Districts of New York.

Paul J. Scarlato, Of Counsel

pscarlato@labaton.com

Paul J. Scarlato has over 22 years of experience litigating complex commercial matters, primarily in the prosecution of securities fraud and consumer fraud class actions and shareholder derivative actions.

Most recently, Paul was a member of the co-lead counsel team that secured a settlement (still subject to court approval) for shareholders in *In re Compellent Technologies, Inc. Shareholder Litigation*.

Currently, he is prosecuting *Arkansas Teacher Retirement System v. State Street Corp*.

Paul has litigated numerous cases on behalf of institutional and individual investors involving companies in a broad range of industries, many of which involved financial statement manipulation and accounting fraud. Paul was one of three lead attorneys for the class in *Kaufman v. Motorola, Inc.*, a securities-fraud class action case that recovered $25 million for investors just weeks before trial and, was one of the lead counsel in *Seidman v. American Mobile Systems, Inc.*, a securities-fraud class action case that resulted in a favorable settlement for the class on the eve of trial. Paul also served as co-lead counsel in *In re Corel Corporation Securities Litigation*, and as class counsel in *In re AOL Time Warner Securities Litigation*, a securities fraud class action that recovered $2.5 billion for investors.

Paul received a J.D. from the Delaware Law School of Widener University. After law school, Paul served as law clerk to Judge Nelson Diaz of the Court of Common Pleas of Philadelphia County, and Justice James McDermott of the Pennsylvania Supreme Court. Thereafter, he worked in the tax department of a "Big Six" accounting firm prior to entering private practice. Paul earned a B.A. in Accounting from Moravian College.

Paul has received a rating of AV Preeminent from the publishers of the Martindale-Hubbell directory.

He is admitted to practice in the State of New Jersey and the Commonwealth of Pennsylvania.

Nicole M. Zeiss, Of Counsel

nzeiss@labaton.com

Nicole M. Zeiss has 16 years of litigation experience. Nicole focuses her practice on negotiating and documenting complex class action settlements and obtaining the required court approval of the settlements, notice procedures and payments of attorneys' fees. She has expertise in analyzing the fairness and adequacy of the procedures used in class action settlements.

Nicole was part of the Labaton Sucharow team that successfully litigated the $185 million settlement in *Bristol-Myers Squibb*. She also played a significant role in *In re Monster Worldwide, Inc. Securities Litigation* ($47.5 million settlement). Nicole has also litigated on behalf of investors who have been damaged by fraud in the telecommunications, hedge fund and banking industries.

Prior to joining Labaton Sucharow, Nicole worked for MFY Legal Services, practicing in the area of poverty law. She also worked at Gaynor & Bass practicing general complex civil litigation, particularly representing the rights of freelance writers seeking copyright enforcement.

Nicole maintains a commitment to *pro bono* legal services by continuing to assist mentally ill clients in a variety of matters—from eviction proceedings to trust administration.

She received a J.D. from the Benjamin N. Cardozo School of Law, Yeshiva University. Nicole earned a B.A. in Philosophy from Barnard College.

Nicole is a member of the Association of the Bar of the City of New York.

She is admitted to practice in the State of New York as well as before the United States District Courts for the Southern and Eastern Districts of New York.

EXHIBIT 5

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

DAVID HOPPAUGH, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. K12 INC., RONALD J. PACKARD, and HARRY T. HAWKS, Defendants.	)	Civ. A. No. 1:12-cv-00103-CMH-IDD

DECLARATION OF JOSEPH E. WHITE, III ON BEHALF OF SAXENA WHITE P.A. IN SUPPORT OF LEAD COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS' FEES AND PAYMENT OF LITIGATION EXPENSES

Joseph E. White, III, Esq., declares as follows pursuant to 28 U.S.C. § 1746:

1. I am a shareholder of the law firm of Saxena White P.A. I submit this declaration in support of Lead Counsel's motion for an award of attorneys' fees and payment of litigation expenses on behalf of all plaintiffs' counsel who contributed to the prosecution of the claims in the above-captioned action (the "Litigation") from inception through April 30, 2013 (the "Time Period").

2. My firm, which served as additional counsel in the Litigation, was involved in various aspects of the prosecution and settlement of the Litigation, which is described in detail in the declaration submitted herewith by Jonathan Gardner in support of Lead Plaintiff's motion for final approval of the Settlement and Lead Counsel's motion for an award of attorneys' fees and payment of litigation expenses.

3. The principal tasks undertaken by my firm included: working closely with lead counsel and under lead counsel's supervision on various aspects of the litigation, including the research, drafting and preparation of the Amended Complaint; review and assistance in the drafting and the preparation of the briefing on Defendants' motions to dismiss; research and drafting of Plaintiff's motion for class certification; and extensive participation in Plaintiff's discovery efforts, including the review of Defendants' document production and preparation for witness depositions.

4. The schedule attached hereto as Exhibit A is a summary indicating the amount of time spent by each attorney and professional support staff of my firm who was involved in the prosecution of the Litigation, and the lodestar calculation based on my firm's current billing rates. For personnel who are no longer employed by my firm, the lodestar calculation is based upon the billing rates for such personnel in his or her final year of employment by my firm. The schedule was prepared from contemporaneous daily time records regularly prepared and maintained by my firm, which are available at the request of the Court. Time expended in preparing this application for fees and payment of expenses has not been included in this request.

5. The hourly rates for the attorneys and professional support staff in my firm included in Exhibit A are the same as the regular rates charged for their services in non-contingent matters and/or which have been accepted in other securities or shareholder litigations.

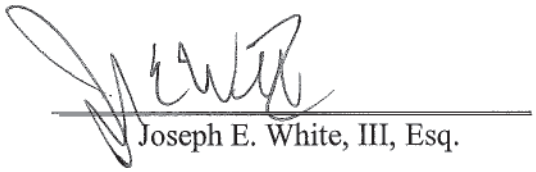
6. The total number of hours expended on this litigation by my firm during the Time Period is 1,455.25 hours. The total lodestar for my firm for those hours is $534,936.25.

7. My firm's lodestar figures are based upon the firm's billing rates, which rates do not include charges for expenses items. Expense items are billed separately and such charges are not duplicated in my firm's billing rates.

8. As detailed in Exhibit B, my firm has incurred a total of $4,383.81 in expenses in connection with the prosecution of the Litigation. The expenses are reflected on the books and records of my firm. These books and records are prepared from expense vouchers, check records and other source materials and are an accurate record of the expenses incurred.

9. With respect to the standing of my firm, attached hereto as Exhibit C is a brief biography of my firm as well as biographies of the firm's partners and of counsels.

I declare under penalty of perjury that the foregoing is true and correct. Executed on May 9, 2013.



Joseph E. White, III, Esq.

EXHIBIT A

EXHIBIT A

HOPPAUGH v. K12 INC., et al.,
No. 12-cv-00103 (E.D. Va.)

LODESTAR REPORT

FIRM: SAXENA WHITE P.A.
REPORTING PERIOD: INCEPTION THROUGH APRIL 30, 2013

PROFESSIONAL	STATUS*	HOURLY RATE	TOTAL HOURS TO DATE	TOTAL LODESTAR TO DATE
Brandon Grzandziel	A	395.00	2.50	987.50
Dianne Anderson	A	350.00	7.50	2,625.00
Jessenia Canot	A	350.00	338.00	118,300.00
Joseph White	S	725.00	35.25	25,556.25
Kara King	PL	295.00	20.25	5,973.75
Kathryn Weidner	A	350.00	171.25	59,937.50
Le Tsang	A	350.00	287.75	100,712.50
Lester Hooker	A	450.00	112.00	50,400.00
Marc Grobler	RA	295.00	18.00	5,310.00
Maya Saxena	S	725.00	8.75	6,343.75
Renato Pinto e Silva	A	350.00	452.00	158,200.00
Stefanie Leverette	PL	295.00	2.00	590.00
TOTAL			**1,455.25**	**534,936.25**

Shareholder (S)
Partner (P)
Of Counsel (OC)
Associate (A)
Paralegal (PL)
Research Analyst (RA)

EXHIBIT B

EXHIBIT B

HOPPAUGH v. K12 INC., et al.,
No. 12-cv-00103 (E.D. Va.)

EXPENSE REPORT

FIRM: SAXENA WHITE P.A.
REPORTING PERIOD: INCEPTION THROUGH APRIL 30, 2013

EXPENSE	TOTAL AMOUNT
Duplicating	1,754.55
Postage	
Telephone / Fax	194.95
Messengers	
Filing Fees	
Transcripts	
Computer Research Fees	$1,629.74
Overnight Delivery Services	
Expert Fees	
Transportation/Meals/Lodging	$804.57
Court Reporters	
Class Notice	
Contribution to Litigation Fund	
TOTAL	**$4,383.81**

EXHIBIT C

HOPPAUGH v. K12 INC., et al.,
No. 12-cv-00103 (E.D. Va.)

SAXENA WHITE FIRM RESUME

SAXENA WHITE

"A HIGHLY EXPERIENCED GROUP OF LAWYERS WITH NATIONAL REPUTATIONS IN LARGE SECURITIES CLASS ACTIONS..."

– United States District Court Judge Alan S. Gold

FIRM RESUME

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MAYA S. SAXENA

Ms. Saxena, co-founder of the firm, represents institutional investors in shareholder actions involving breaches of fiduciary duty and violations of the federal securities laws. She is a frequent speaker at educational forums involving public pension funds and advises public and multi-employer pension funds on how to address fraud-related investment losses. Ms. Saxena graduated from Syracuse University summa cum laude in 1993 with a dual degree in policy studies and economics, and graduated from Pepperdine University School of Law in 1996.

Ms. Saxena has been instrumental in recovering hundreds of millions of dollars for defrauded shareholders including cases against Sirva Inc. ($53.3 million recovery), Helen of Troy ($4.5 million settlement), and Sunbeam (settled with Arthur Andersen LLP for $110 million - one of the largest settlements ever with an accounting firm - and a $15 million personal contribution from former CEO Al Dunlap).

Prior to forming Saxena White P.A., Ms. Saxena served as the Managing Partner of the Florida office of one of the nation's largest securities litigation firms, successfully directing numerous high profile securities cases. Ms. Saxena gained valuable trial experience before entering private practice while employed as an Assistant Attorney General in Ft. Lauderdale, Florida. During her time as an Assistant Attorney General, Ms. Saxena represented the State of Florida in civil cases at the appellate and trial level and prepared amicus curiae briefs in support of state policies at issue in state and federal courts. In addition, Ms. Saxena represented the Florida Highway Patrol and other law enforcement agencies in civil forfeiture trials and currently serves as Chair of the Asset Forfeiture Committee of the Badge of Honor Memorial Foundation seeking to recover forfeited funds for the benefit of families of law enforcement officers slain in the line of duty.

Ms. Saxena is a member of the Florida Bar, and is admitted to practice before the U.S. District Courts for the Southern, Northern and Middle Districts of Florida, as well as the Fifth and Eleventh Circuit Courts of Appeal. Ms. Saxena was recently recognized in the South Florida Business Journal's "Best of the Bar" as one of the top lawyers in South Florida.

JOSEPH E. WHITE III

Mr. White, co-founder of the firm, has represented shareholders as lead counsel in major securities fraud class actions and merger litigation nationwide. He has represented lead and representative plaintiffs in front-page cases, including actions against Bank of America, Lehman Brothers and Washington Mutual. He has successfully settled cases

yielding over one billion dollars against numerous publicly traded companies. Mr. White has developed an expertise in litigating precedent setting cases against foreign publicly traded companies, and recently settled *In re Sadia Inc. Sec. Litig.*, against a Brazilian corporation for $27.5 million. Mr. White has also helped achieve meaningful corporate governance and monetary recoveries for shareholders in merger related and derivative lawsuits.

Mr. White regularly lectures on topics of interest to pension trustees, and advises municipal, state, and international institutional investors on instituting effective systems to monitor and prosecute securities and related litigation. Mr. White is an Advisory Board member and educational lecturer for the Florida Public Pension Trustees Association.

Mr. White earned an undergraduate degree in Political Science from Tufts University before obtaining his Juris Doctor from Suffolk University School of Law. Before concentrating his practice in securities fraud, Mr. White represented national insurance companies in pursuit of fraudulent claims from the initial investigations and denial of claims through trial. Mr. White is a member of the bar of the Commonwealth of Massachusetts and the State of Florida, as well as the United States District Courts for the Southern, Middle and Northern Districts of Florida, and the District of Massachusetts. Mr. White is also a member of the United States Circuit Courts of Appeal for the First and Eleventh Circuits.

JONATHAN M. STEIN

Mr. Stein serves as Senior Counsel at Saxena White where he is involved in all aspects of complex litigation, including shareholder class and derivative actions, consumer fraud, products liability, antitrust and commercial litigation. A substantial portion of Mr. Stein's practice is dedicated to the representation of public shareholders of companies whose shares are acquired through management buyouts, leveraged buyouts, mergers, acquisitions, tender offers and other change-of-control transactions.

Mr. Stein has been successful in restructuring many transactions and recovering millions of dollars in additional value for shareholders. For example, Mr. Stein was co-lead counsel in *In re UnitedGlobalCom Shareholders Litigation*, No. 1012-N (Del. Ch.), where on the eve of trial, the case settled for $25 million in additional compensation for the UnitedGlobalCom shareholders. Mr. Stein was also counsel for the plaintiff in *Charter Township of Clinton Police and Fire Ret. Sys. v. OSI Rest. Partners, Inc., et al.*, 06-CA-010348 (Fla. 13th Cir. Ct.), where as part of the settlement, the defendants provided the public shareholders with additional material information about the transaction, helping the shareholders hold out for an additional $68 million in consideration for their shares.

Additionally, Mr. Stein was counsel for plaintiffs in *In re Atlas Energy, Inc., Shareholders Litig.*, No. 5990-VCL (Del. Ch.), where he and his co-counsel obtained an additional benefit to the shareholder class of more than $7.4 million and the additional disclosure of almost forty pages of significant material information to shareholders concerning the transaction.

Mr. Stein has also been successful in prosecuting consumer fraud class actions. For instance, Mr. Stein was Class Counsel in *Gemelas v. The Dannon Co.*, Inc., 1:08-cv-00236 (N.D. Ohio), which resulted in the largest food-related class action settlement ever, wherein Dannon agreed to make certain changes to the labels for Activia® and DanActive® and agreed to pay up to $45 million dollars to reimburse consumers for their purchases of the products. He was also co-lead counsel in *Smith v. Wm. Wrigley, Jr. Co.*, 09-60646-Civ-Cohn/Seltzer (S.D. Fla.), which settled in the spring of 2010, which caused Wrigley to establish a settlement fund of up to $7 million to reimburse consumers for their Eclipse® gum purchases and to remove the "germ killing" message from the product label and in advertising.

Mr. Stein earned a degree in Business Administration from the University of Florida, where he concentrated his studies in Finance. While at Florida, he was selected to join the honor society of Omicron Delta Epsilon, recognizing outstanding achievement in Economics. Mr. Stein earned his Juris Doctor degree from Nova Southeastern University, where he was the recipient of the American Jurisprudence Book Award in Federal Civil Procedure and served as Chief Justice of the Student Honor Court.

Prior to joining Saxena White, Mr. Stein began his practice of law in Fort Lauderdale as a prosecutor in the State Attorney's Office for the Seventeenth Judicial Circuit of Florida, handling numerous jury trials. Before concentrating his practice in class action litigation, he practiced as a litigator fighting insurance fraud with one of Florida's largest law firms. Mr. Stein also previously ran his own class action firm and was a partner with the largest class action firm in the country.

Mr. Stein is licensed to practice law in the state courts of Florida, as well as in the Supreme Court of the United States, the Circuit Courts of Appeal for the Eleventh and Third Circuits, and the United States District Courts for the Northern, Southern and Middle Districts of Florida and the District of Colorado. In addition to these courts and jurisdictions, Mr. Stein regularly works on cases with local counsel throughout the country. Mr. Stein has been or is a member of the Association of Trial Lawyers of America, the American Bar Association, the Palm Beach County Bar Association and the South Palm Beach County Bar Association.

LESTER HOOKER

Mr. Hooker, Saxena White's Manager of Case Origination, is involved in all of the firm's practice areas, including securities fraud class action litigation and shareholder derivative actions, as well as merger & acquisition lawsuits and consumer class actions. Through his securities litigation practice, Mr. Hooker has obtained significant monetary recoveries and important corporate governance reforms on behalf of institutional and individual investors nationwide.

During his tenure at Saxena White, Mr. Hooker has served as a member of the litigation teams that successfully prosecuted securities fraud class actions such as *Cent. Laborers' Pension Fund v. Sirva, Inc.* ($53.3 million settlement), *In re Sadia, Inc. Sec. Litig.* ($27.5 million settlement), *Grand Lodge of Pennsylvania v. Peters, et al.* ($6.25 million settlement), and *In re Helen of Troy Sec. Litig.* ($4.5 million settlement). Mr. Hooker is part of the litigation teams that are currently prosecuting prominent securities fraud class actions such as *In re Wilmington Trust Sec. Litig.* and *City Pension Fund for Firefighters and Police Officers in the City of Miami Beach v. Aracruz Celulose S.A., et al.* Mr. Hooker has also represented lead and representative plaintiffs in major cases arising out of the global financial crisis, including actions against Bank of America, Lehman Brothers and Washington Mutual.

Mr. Hooker attended the University of California at Berkeley, where he received a Bachelor of Arts degree with a Major in English. Mr. Hooker earned his Juris Doctor degree from the University of San Diego School of Law, where he was awarded the Dean's Outstanding Scholar Scholarship. Mr. Hooker also earned a Master's degree in Business Administration with an emphasis in International Business from the University of San Diego School of Business, where he was awarded the Ahlers Center International Graduate Studies Scholarship.

Mr. Hooker is a member of the State Bars of California and Florida, and is admitted to practice law in the United States District Courts for the Northern, Central, Southern and Eastern Districts of California, the Southern, Middle and Northern Districts of Florida, and the Western District of Michigan. Mr. Hooker is also admitted to practice law in the United States Courts of Appeal for the Ninth and the Eleventh Circuits.

BRANDON GRZANDZIEL

Brandon Grzandziel earned his Bachelor of Arts degree in English from Wake Forest University, where he graduated with honors in 2005. In 2008, he received his Juris Doctor from the University of Miami School of Law. While at the University of Miami, Mr. Grzandziel was Executive Editor of the *University of Miami Business Law Review*. His article, "A New Argument for Fair Use Under the Digital Millennium Copyright Act," was published in the Spring/Summer 2008 issue.

At Saxena White, Mr. Grzandziel has been a part of the litigation teams that have successfully prosecuted securities fraud class actions against foreign companies such as Sadia ($27.5 million settlement) and Harmony Gold ($9 million settlement). He is currently a member of the litigation teams prosecuting securities fraud actions such as *In re Bank of America Securities, Derivative and ERISA Litigation, In re Wilmington Trust Securities Litigation*, and *City Pension Fund for Firefighters and Police Officers in the City of Miami Beach v. Aracruz Celulose S.A.*

Mr. Grzandziel is a member of the Florida Bar, the United States District Court for the Southern District of Florida, and the United States Court of Appeals for the Second Circuit.

ADAM WARDEN

Adam Warden earned his Bachelor of Arts degree from Emory University in 2001 with a double major in Political Science and Psychology. In 2004, he received his Juris Doctor from the University of Miami School of Law. During law school, Adam served as the Articles Editor of *The University of Miami International and Comparative Law Review*. His article, "The Battle in Seattle and Beyond: A Brief History of the Antiglobalization Movement" was published in the Review's Winter 2004 issue. Prior to joining Saxena White, Mr. Warden was an associate at a leading maritime law firm in Miami, where he represented major cruise lines in complex litigation matters in both federal and state court.

Mr. Warden is a member of the Florida Bar and the District of Columbia Bar and is admitted to practice before the U.S. District Court for the Southern District of Florida.

GIANCARLO FOSCHINI

Giancarlo Foschini graduated with a degree in Criminal Justice from Florida International University in Miami, Florida. He earned his Juris Doctor from Nova Southeastern University's Shepard Broad Law Center in 2011. During law school, Mr. Foschini was a member of the Inter-American Center for Human Rights, where he collaborated with other students in preparing symposiums to raise community awareness regarding civil and human rights issues plaguing South Florida and the Caribbean. Additionally, Mr. Foschini volunteered at the Florida Immigrant Advocacy Center by assisting attorneys, who provide legal services to low-income individuals. Prior to joining Saxena White, Mr. Foschini acquired experience in various e-discovery platforms while working on complex anti-trust and regulatory cases involving large corporate entities. Mr. Foschini is a licensed member of the Florida bar.

ALBERTO NARANJO

Mr. Naranjo earned an undergraduate degree in Political Science from Florida State University in December 2007, where he graduated with honors. In 2011, he received his Juris Doctor from Florida International University College of Law and was admitted to practice by the Florida Bar. While at the College of Law, he was acknowledged for his academic achievement by being placed on the Dean's list and was also elected to be the president of the C.A.L.S. law society. Additionally, Mr. Naranjo was enrolled in a 10 month Investor Advocacy Clinic where he was provided with a solid foundation in securities alternative dispute resolution and was honored with the CALI award for his overall performance in the clinic.

Mr. Naranjo joined Saxena White in 2011 to work on the discovery phase of *In re Lehman Brothers Equity/Debt Securities. Litigation, 08 Civ. 5523* (LAK). Since then, Mr. Naranjo has had the opportunity to work on several class actions by drafting complaints, performing document review and researching SEC filings for various complex securities class actions. Furthermore, Mr. Naranjo has been accepted to practice at the United States District Court for the Southern District of Florida.

KATHRYN WEIDNER

Ms. Weidner earned a Bachelor of Business Administration from the University of Miami in 2003, with a Major in Political Science. While at Miami, she studied abroad at Oxford University, England as part of an honors program for law and politics. Ms. Weidner received her Juris Doctor degree from Nova Southeastern University in 2006, where she graduated cum laude with a concentration in International Law. She was also the recipient of the Larry Kalevitch Scholarship Award for the graduate exhibiting the most promise in Business and Bankruptcy law. While at Nova, Ms. Weidner's outstanding course work regularly earned Dean's list and Provost Honor Roll, and she was honored with CALI Book Awards for Secured Transactions and Business Planning Law. Ms. Weidner developed valuable litigation skills as a full-time Certified Legal Intern for the Department of Homeland Security during her participation in an International Law Clinic.

After law school, Ms. Weidner acquired experience in the area of e-discovery working for a consulting group that provided litigation support services to large organizations and fortune 500 companies. She supervised teams of attorneys to assure quality in the review and production of documents requested for large-scale corporate litigations, mergers, and acquisitions. Ms. Weidner is admitted to practice law in the State of Florida and is a member of the Young Lawyers Division of the Florida Bar.

JESSENIA CANOT

Ms. Canot earned a Bachelor of Science degree in Political Science from Florida State University in 2007, graduating with honors. In 2011, Ms. Canot received her Juris Doctor degree from Florida International University College of Law where her academic achievements were rewarded by placement on the Dean's List. During her final semester of law school, Ms. Canot attended Georgetown University Law Center in Washington, DC as a visiting student.

While in law school, Ms. Canot served as a Legislative Intern at the House of Representatives in Washington, DC, where she sat in on several Congressional Hearings and obtained legislative research training from the Congressional Research Service. Additionally, Ms. Canot served as a Judicial Intern for the Honorable Chris McAliley, Magistrate Judge for the United States District Court for the Southern District of Florida, where she worked on a wide range of civil and criminal litigation matters. Ms. Canot also served as a Legal Intern for Black Entertainment Television in Washington, DC.

Upon graduating law school, Ms. Canot worked for a boutique entertainment law firm in Miami, Florida where she specialized in the negotiation and drafting of intellectual property agreements and also gained valuable experience working with domestic and international businesses.

RENATO L. PINTO E SILVA

Mr. Pinto e Silva is originally from São Paulo, Brazil, where he went to law school and obtained a degree from Armando Alvares Penteado Foundation, College of Law – "FAAP" in December 2004. Mr. Pinto e Silva then completed a specialization in Labor and Employment Law and Procedure from Mackenzie Presbyterian University in Brazil in December 2006. Mr. Pinto e Silva also completed the Master's Degree Program (L.L.M.) at the University of Miami in May 2011.

Mr. Pinto e Silva started his career working as an intern at the law firm of Lobo De Moraes S. C. Advogados, in São Paulo, Brazil from October 2000 until January 2004. While there, he was able to gain valuable experience within civil, labor/employment, family and contracts law. In February 2004, Mr. Pinto e Silva was offered and accepted a position as an attorney at one of the most prestigious law firms in Brazil, Demarest e Almeida Advogados within the labor and employment litigation division representing a diverse set of multinational corporations. At Demarest, he was responsible for representing clients in hearings and trials in Courts all over the country, for drafting legal papers such as appeals and defenses and he handled approximately 300 cases that were under his sole responsibility.

Since September 2011, Mr. Pinto e Silva has been working at Saxena White performing complex discovery on a pending securities class action that has already survived a motion to dismiss.

Mr. Pinto e Silva has been licensed by the Brazilian Bar Association (OAB) since 2005 and is authorized to practice law in all courts and jurisdictions within the Brazilian territory. In June 2012, Mr. Pinto e Silva was also admitted as member of the New York Bar.

DIANNE ANDERSON

Ms. Anderson graduated from the University of California, San Diego in 2008, where she received a Bachelor of Arts degree with a Major in Political Science, Minor in Law and Society. In 2012, Ms. Anderson received her Juris Doctor degree from the University of San Diego School of Law. While attending USD Law, Ms. Anderson earned various scholarships and awards, including the San Diego La Raza Lawyers Association Scholarship and Frank E. and Dimitra F. Rogozienski Scholarship for outstanding academic performance in business law courses. While at USD Law, Ms. Anderson's academic achievements culminated in two CALI Excellence for the Future Awards for receiving the top grade in USD Law's Fall 2011 International Sports Law and Entertainment Law classes. Ms. Anderson is an alum of Phi Delta Phi, the international legal honor society and oldest legal organization in continuous existence in the United States.

Ms. Anderson's prior experience includes legal internships at Jack in the Box, Inc. and Alliant Insurance Services, Inc. Ms. Anderson worked extensively with the in-house departments, assisting in a variety of corporate, employment and government regulation matters. Ms. Anderson interned for two San Diego pro bono legal organizations, Jewish Family Service of San Diego and Housing Opportunities Collaborative. Additionally, Ms. Anderson served as a legal intern for the San Diego City Attorney's Office with their Advisory Division, Public Works Section. Ms. Anderson is admitted to practice law in the State of California.

MARC GROBLER

Director of Case Analysis

Marc Grobler joined Saxena White as the Director of Case Analysis in early 2012. Prior to joining Saxena White, he served as the Senior Business Analyst in the New York office of a leading securities class action law firm and he has worked within the securities litigation industry for nearly ten years. Mr. Grobler plays a key role in new case development including performing in-depth investigations into potential securities fraud class actions, derivative, and other corporate governance related actions. By using a broad spectrum of financial industry research and tools, Mr. Grobler analyzes information that helps support the theories behind our litigation efforts. Mr. Grobler is also responsible for protecting the financial interests of our clients by managing the firm's client portfolio monitoring services and performing complex loss and damage calculations.

Mr. Grobler graduated Cum Laude from Tulane University's A.B. Freeman School of Business in 1997, with a concentration in Accounting. With fifteen years of overall professional financial experience, Mr. Grobler started his career in New York at PricewaterhouseCoopers performing audit within the Financial Services Group (audit clients included Prudential Financial and Wasserstein Perella). Prior to entering the securities litigation industry, Mr. Grobler worked within the asset management group at Goldman Sachs where he was responsible for the financial reporting of a group of billion dollar fund-of-fund investments. Mr. Grobler also previously worked at UBS Warburg as a Financial Analyst in the investment banking division that focused on financial institutions such as banks, asset managers, insurance and start-up financial technology companies.

STEFANIE LEVERETTE

Manager of Client Services

Ms. Leverette is Saxena White's Manager of Client Services. In this role, she manages the Firm's client outreach and development programs, and coordinates the firm's presence at industry conferences attended by representatives of various institutional clients throughout the United States. In addition, Ms. Leverette carefully tracks the entire Firm's cases to ensure that each client is regularly updated on any actions they are involved in. She is also responsible for the timely dissemination of the Firm's Portfolio Monitoring Reports, ensuring that clients are informed of new cases and class action settlements that may affect their investment portfolios.

Ms. Leverette earned her undergraduate degree in Business Administration with a focus on Management from the University of Central Florida, and her Master's in Business Administration with a focus on International Business at Florida Atlantic University.

CHUCK JEROLOMAN

Client Services

Prior to joining Saxena White, Chuck Jeroloman served as a police officer for the Delray Beach Police Department for 23 years. During his tenure he was a homicide/robbery detective, street level narcotics investigator, field training officer and a member of the S.W.A.T. and Terrorists Task Force. He served on the Delray Beach Police and Fire Pension Board for 14 years and as chairman during his last five years. Mr. Jeroloman was also a member of the Delray Fire and Police VEBA Board. He has spoken at many national pension conferences and has authored several articles about pension benefits and issues. Mr. Jeroloman served 23 years as the president and union representative for the Police Benevolent Association (P.B.A.) and Fraternal Order of Police.

Before his years with the Delray Beach Police Department, Mr. Jeroloman spent five years as a deputy sheriff with the Rockland County Sheriff's Department. He was a member of Joint Terrorists Task Force with the F.B.I., N.Y.P.D. and Rockland County Sheriff's Department. He also was a union treasurer for the P.B.A.

Mr. Jeroloman has an associate degree in criminal justice. He was an associate scout with the Anaheim Angels and Texas Rangers, and volunteered as a youth baseball coach through high school levels. He served as a director vice president for the Okeeheelee Athletic Association.

EXHIBIT 6

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

DAVID HOPPAUGH, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. K12 INC., RONALD J. PACKARD, and HARRY T. HAWKS, Defendants.	)	Civ. A. No. 1:12-cv-00103-CMH-IDD

DECLARATION OF STEVEN T. WEBSTER ON BEHALF OF WEBSTER BOOK LLP IN SUPPORT OF LEAD COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS' FEES AND PAYMENT OF LITIGATION EXPENSES

Steven T. Webster, Esq., declares as follows pursuant to 28 U.S.C. § 1746:

1. I am a partner in the law firm of Webster Book LLP. I submit this declaration in support of Lead Counsel's motion for an award of attorneys' fees and payment of litigation expenses on behalf of all plaintiffs' counsel who contributed to the prosecution of the claims in the above-captioned action (the "Litigation") from inception through April 30, 2013 (the "Time Period").

2. My firm, which served as local counsel in the Litigation, was involved in various aspects of the prosecution and settlement of the Litigation, which is described in detail in the declaration submitted herewith by Jonathan Gardner in support of Lead Plaintiff's motion for final approval of the Settlement and Lead Counsel's motion for an award of attorneys' fees and payment of litigation expenses.

3. The principal tasks undertaken by my firm included review of pleadings prior to filing, assistance with discovery, appearance at hearings, review of proposed expert designations, review and communications regarding Local Rules, legal research, communications with Lead Counsel, assistance with subpoenas *duces tecum*, and other matters. My firm worked closely with lead counsel and under lead's counsel's supervision with respect to the foregoing.

4. The schedule attached hereto as Exhibit A is a summary indicating the amount of time spent by each attorney and professional support staff of my firm who was involved in the prosecution of the Litigation, and the lodestar calculation based on my firm's current billing rates. For personnel who are no longer employed by my firm, the lodestar calculation is based upon the billing rates for such personnel in his or her final year of employment by my firm. The schedule was prepared from contemporaneous daily time records regularly prepared and maintained by my firm, which are available at the request of the Court. Time expended in preparing this application for fees and payment of expenses has not been included in this request.

5. The hourly rates for the attorneys and professional support staff in my firm included in Exhibit A are the same as the regular rates charged for their services in non-contingent matters and/or which have been accepted in other securities or shareholder litigations.

6. The total number of hours expended on this litigation by my firm during the Time Period is 114.7 hours. The total lodestar for my firm for those hours is $39,437.32.

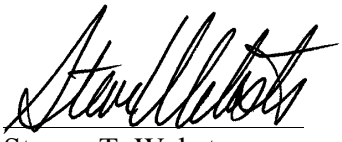
7. My firm's lodestar figures are based upon the firm's billing rates, which rates do not include charges for expenses items. Expense items are billed separately and such charges are not duplicated in my firm's billing rates.

8. As detailed in Exhibit B, my firm has incurred a total of $568.63 in expenses in connection with the prosecution of the Litigation. The expenses are reflected on the books and

records of my firm. These books and records are prepared from expense vouchers, check records and other source materials and are an accurate record of the expenses incurred.

9. With respect to the standing of my firm, attached hereto as Exhibit C is a brief biography of my firm as well as biographies of the firm's partners and of counsels.

I declare under penalty of perjury that the foregoing is true and correct. Executed on May 10, 2013.



Steven T. Webster

EXHIBIT A

EXHIBIT A

HOPPAUGH v. K12 INC., et al.,
No. 12-cv-00103 (E.D. Va.)

LODESTAR REPORT

FIRM: WEBSTER BOOK LLP
REPORTING PERIOD: INCEPTION THROUGH APRIL 30, 2013

PROFESSIONAL	STATUS*	HOURLY RATE	TOTAL HOURS TO DATE	TOTAL LODESTAR TO DATE
Steven T. Webster	P	390.00	51.6	$20,124.00
Aaron S. Book	P	390.00	24.7	$9,625.00
Brian C. Athey	OC	300.00	2.1	$630.00
James J. Holt	A	250.00	36.24	$9,058.32
TOTAL				$39,437.32

Partner (P)
Of Counsel (OC)
Associate (A)
Paralegal (PL)
Investigator (I)
Research Analyst (RA)

EXHIBIT B

EXHIBIT B

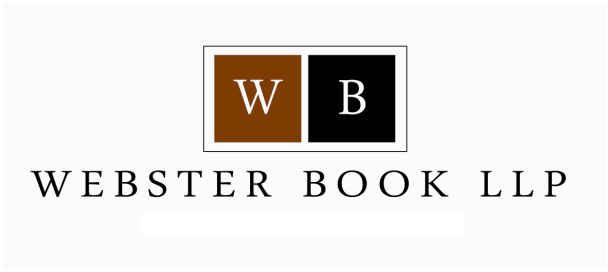
HOPPAUGH v. K12 INC., et al.,
No. 12-cv-00103 (E.D. Va.)

EXPENSE REPORT

FIRM: WEBSTER BOOK LLP
REPORTING PERIOD: INCEPTION THROUGH APRIL 30, 2013

EXPENSE	TOTAL AMOUNT
Duplicating	
Postage	
Telephone / Fax	
Messengers	
Filing Fees	450.00
Service Fees	105.00
Transcripts	
Computer Research Fees	13.63
Overnight Delivery Services	
Expert Fees	
Transportation/Meals/Lodging	
Court Reporters	
Class Notice	
Contribution to Litigation Fund	
TOTAL	$568.63

EXHIBIT C



Webster Book LLP is a law firm focused on litigation and government investigations.

The firm was founded by Steven Webster and Aaron Book. David Webster later joined the firm after a successful career as a trial lawyer over five decades of practice. Each is listed in Best Lawyers in America in the area of Commercial Litigation and David has been listed since the first edition in 1983. He is currently listed in the areas of Commercial Litigation, Product Liability, Personal Injury, and White Collar Criminal Defense. Steve Webster is also listed in the areas of banking and finance litigation and real estate litigation. David is a Fellow of the American College of Trial Lawyers.

The firm's experience is wide-ranging and has included, among other cases, the representation of businesses and individuals in banking and finance litigation, business disputes, government investigations and white collar defense, false claims, corporate and partnership matters, legal, medical, and engineering malpractice, product liability and personal injury, real estate and land use litigation, and class actions.

The newest member of the firm is James Holt, who clerked for United States District Judge Claude Hilton in the Eastern District of Virginia. James focuses on civil litigation in federal and state court.

300 North Washington Street • Suite 404 • Alexandria, Va 22314
(888) 987-9991 Phone & Fax

EXHIBIT 7

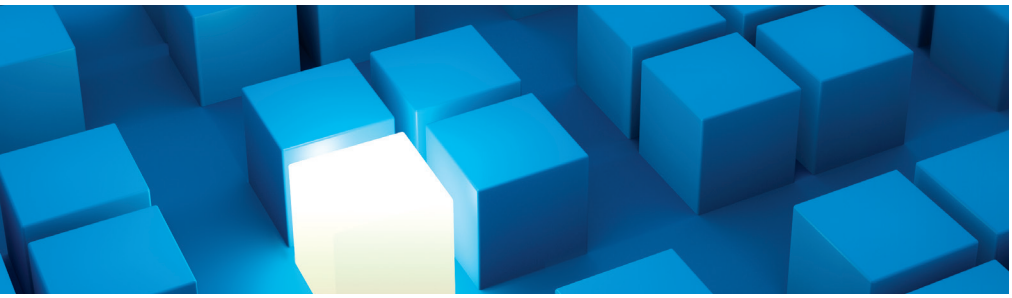
SUMMARY TABLE OF LODESTARS AND EXPENSES

FIRM	HOURS	LODESTAR	EXPENSES
Labaton Sucharow LLP	15,474.4	$7,452,142.50	$514,222.54
Saxena White P.A.	1,455.25	$534,936.25	$4,383.81
Webster Book LLP	114.7	$39,437.32	$568.63
TOTALS	**17,044.35**	**$8,026,516.07**	**$519,174.98**

EXHIBIT 8

NERA
ECONOMIC CONSULTING

29 January 2013

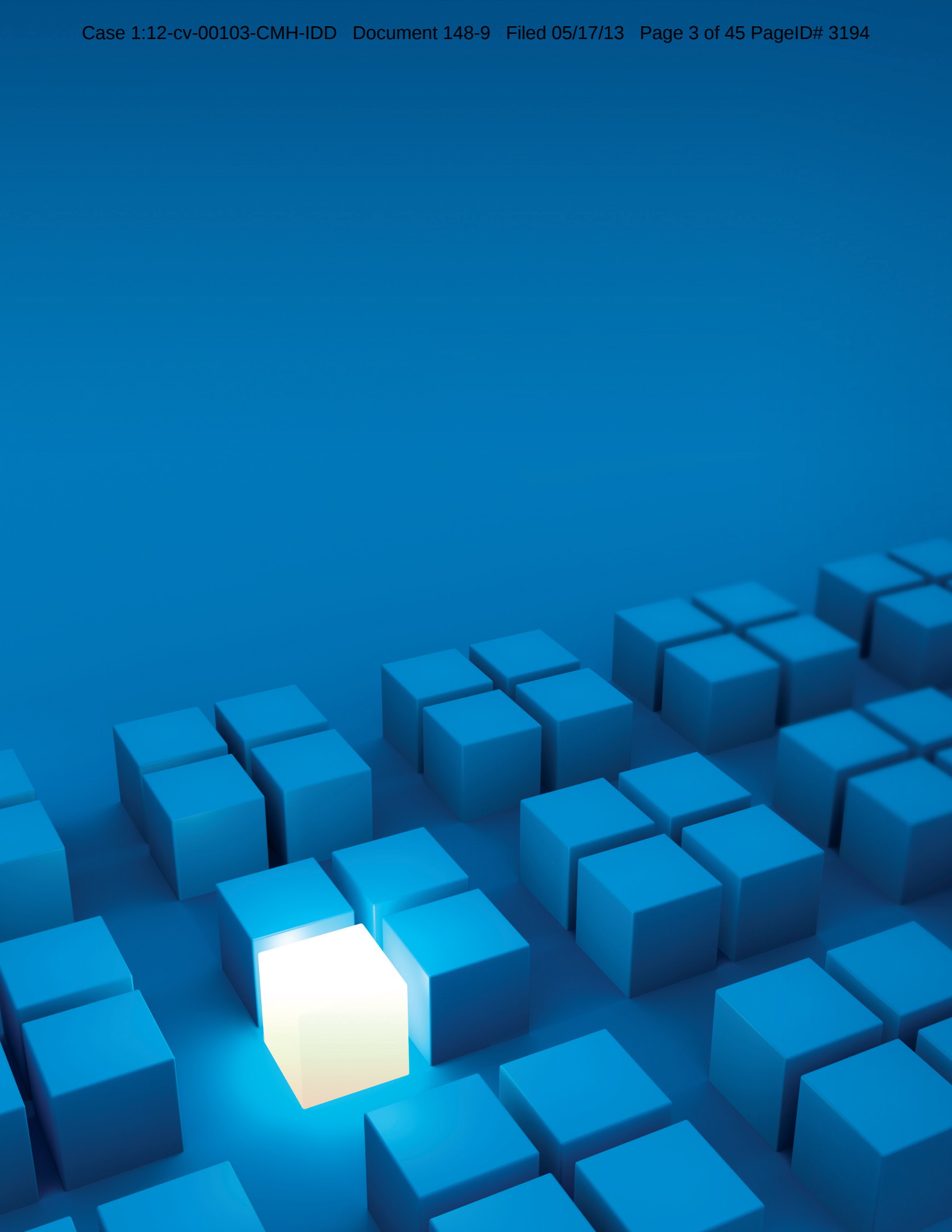


Recent Trends in Securities Class Action Litigation: 2012 Full-Year Review

Settlements Up; Attorneys' Fees Down

By Dr. Renzo Comolli, Sukaina Klein, Dr. Ronald I. Miller, and Svetlana Starykh

Insight in Economics™



Recent Trends in Securities Class Action Litigation: 2012 Full-Year Review

Settlements Up; Attorneys' Fees Down

By Dr. Renzo Comolli, Sukaina Klein, Dr. Ronald I. Miller, and Svetlana Starykh[1]

29 January 2013

2012 Highlights in Filings

- In 2012, securities class action filings were at their lowest levels since 2007, though the decline in filings was not dramatic
- Financial institutions no longer focus of litigation

Analysis of Motions

- Motions to dismiss granted at higher rate since 2005
- Proportions of motions to dismiss granted vary widely by circuit

Year 2012 Highlight in Dismissals and Settlements

- Number of cases resolved (settled or dismissed) lowest since 1996
- Median settlement amounts highest since 1996
- Plaintiffs' attorneys' fees decreasing for settlements of (almost) all sizes

Introduction and Summary

While the wave of credit-crisis related litigation ended in 2012, and the spate of cases with Chinese defendants also abated, merger objection cases continued to fill in much of the gap. In aggregate, the number of securities class action filings in federal courts in 2012 was only slightly below the levels in recent years.

A more pronounced change in the mix of defendants has occurred than the changing mix of case types would predict. Financial sector firms' share of filings in 2012 was not only far below the peak reached in the credit crisis, it was smaller than it has been since 2005. Further, accounting firms, which have historically been named as codefendants in a substantial proportion of cases, were named in only two securities class actions in 2012.

In sharp distinction to the relatively stable pace of new case filings, 2012 saw the fewest settlements since at least 1996. The number of dismissals was the lowest since 1998. The slow rate of both dismissals and settlements suggests that the litigation process as a whole proceeded more slowly in 2012.

For the modest number of cases that were actually settled in 2012, settlement values were near their average level of recent years, up from the relatively low level of 2011. Plaintiffs' attorneys' fees, by contrast, have decreased.

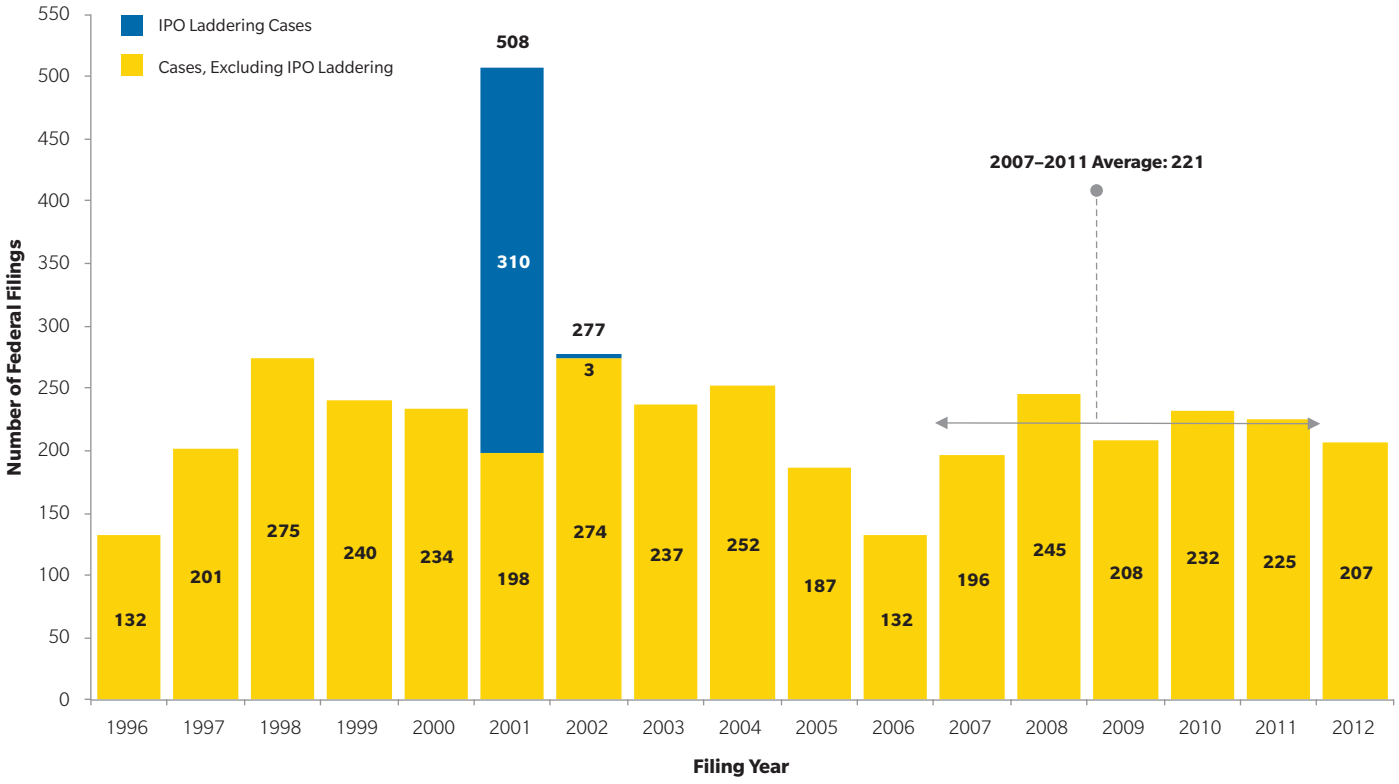
We report new findings from our extended analysis of the status of different motions. One notable finding is that a greater fraction of motions to dismiss has been granted in recent years. Further, we find that the rate at which such motions are granted varies substantially across the circuits, with the Fourth Circuit granting the largest portion and the Tenth Circuit the smallest.

Trends in Filings[2]

Number of Cases Filed

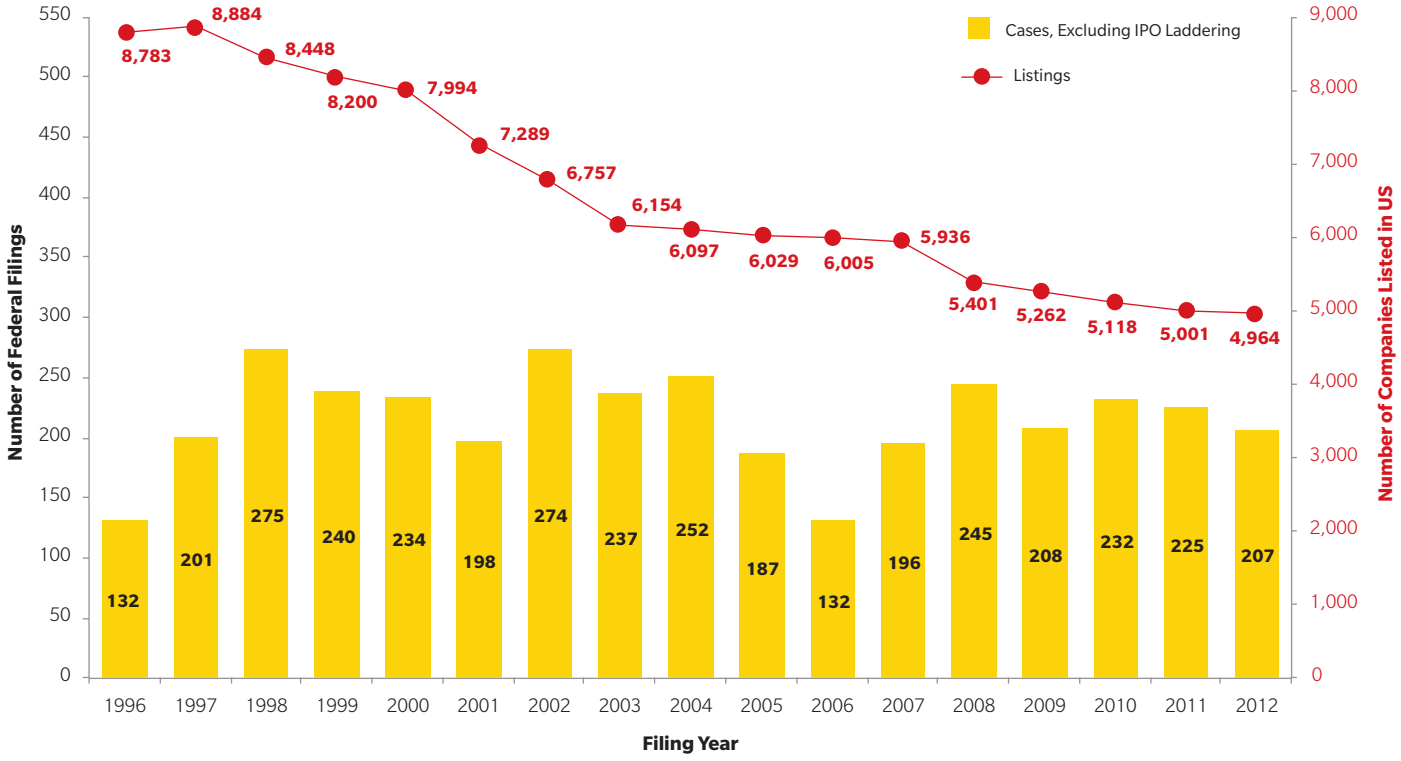
In 2012, securities class action filings were at their lowest levels since 2007, though the decline is not dramatic. A total of 207 lawsuits were filed in federal courts in 2012, somewhat below the average rate of 221 over the previous five years. See Figure 1. There was a slowdown in the pace of filings during the second half of 2012, relative to the first half of the year.

Figure 1. **Federal Filings**
January 1996 – December 2012



While filings have fluctuated both up and down historically, the number of publicly listed companies in the US has continued to decrease. Another small drop occurred in 2012, bringing the decline since 1996 to more than 43%. The implication of this decline is that an average company listed in the US was 68% more likely to be the target of a securities class action in the last five years than it was from 1996-2000. See Figure 2.

Figure 2. **Federal Filings and Number of Companies Listed in United States**
January 1996 – December 2012

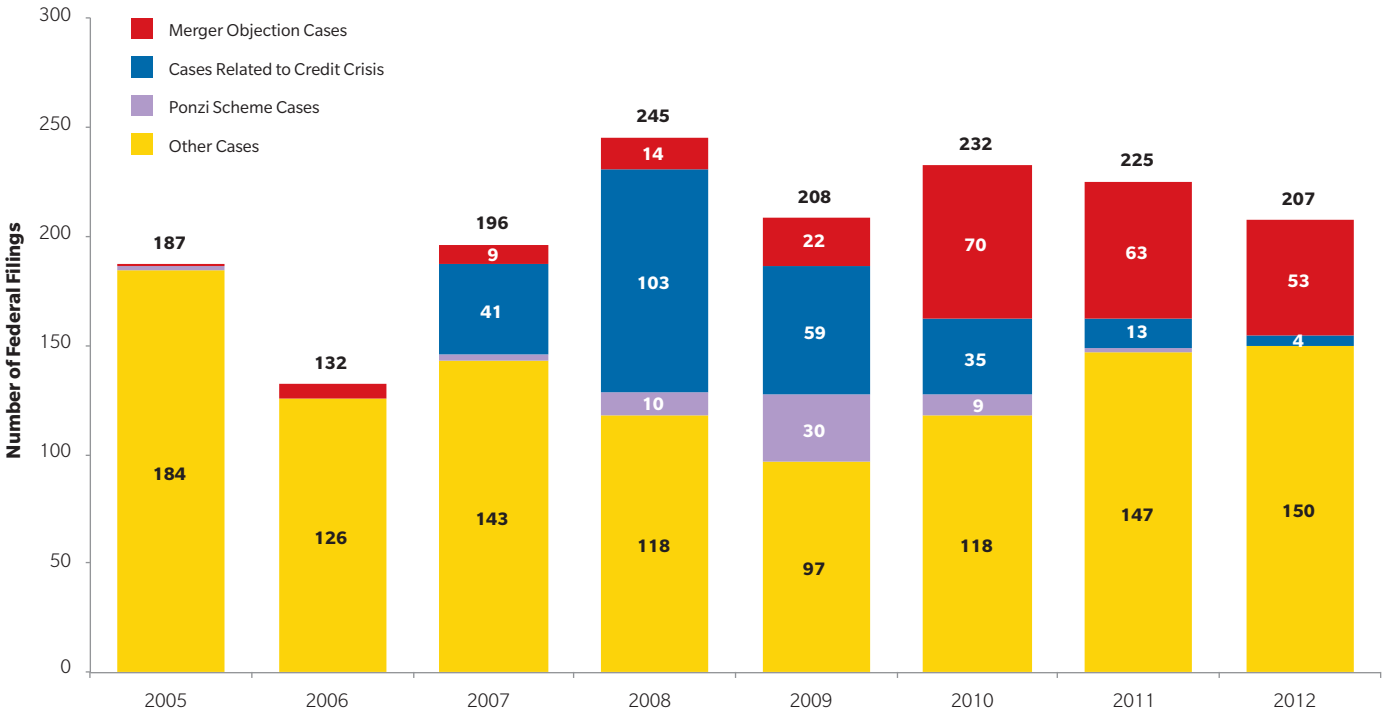


Note: Number of companies listed in US is from Meridian Securities Markets; 1996–2011 values are year-end; 2012 is as of July.

Filings by Type

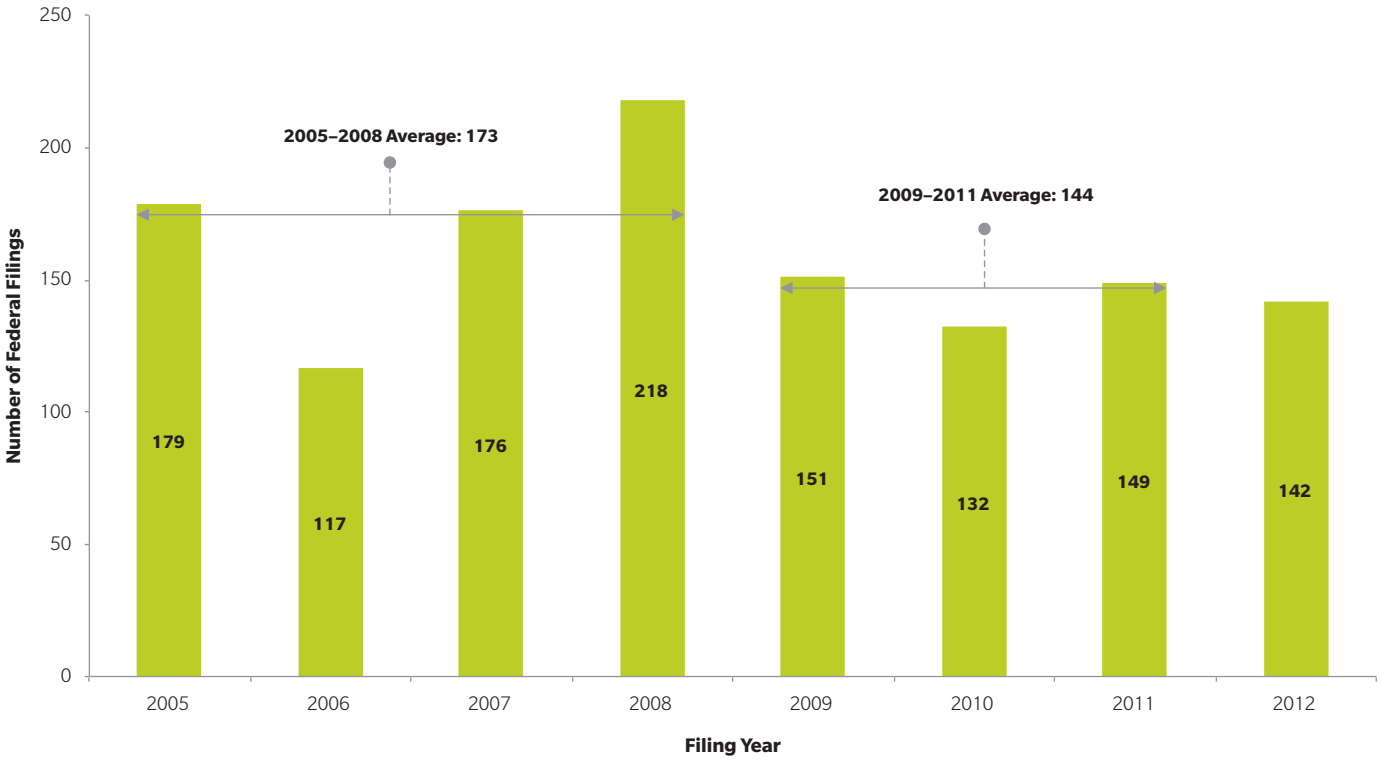
Important changes in the mix of filings have occurred over the last few years. Cases related to the credit crisis have dwindled from a high of 103 in 2008 to only four in 2012.[3] And even these four appear to be less than typical: for example, one of them was filed in US federal court under British law.[4] No cases with Ponzi scheme allegations were filed in 2012, whereas 30 such cases were brought in 2009. Merger objection cases remain an important subset, accounting for more than 25% of total filings in 2012, though down from a peak of 30% in 2010. See Figure 3. In 2012, 53 merger objection cases were filed in federal court; 33 of these allege a violation of Section 14 of the Securities Exchange Act, while another 20 allege breach of fiduciary duty, but no violation of federal securities law. The large number of merger objection cases filed since 2009 is one reason filings have not fallen back to pre-credit crisis levels. While the counts in Figure 3 show the recent prominence of such cases among federal filings, they do not capture the full scope of this activity, as many more merger objection cases are filed in state courts.

Figure 3. **Federal Filings**
January 2005 – December 2012



Filings alleging violations of Rule 10b-5, Section 11, and/or Section 12 are often regarded as "standard" securities class actions. The pace of such "standard" filings has fallen in recent years, while total filings have been relatively flat. The emergence of merger objection litigation explains much of this difference. Cases alleging breach of fiduciary duty in connection with executive compensation also contribute to the difference. "Standard" securities class actions averaged 173 over the period from 2005-2008. Since then, such filings have averaged only 144 cases annually during 2009-2011, and 2012 levels were just below that, at 142. See Figure 4.

Figure 4. **Federal Filings Alleging Violation of Any of: Rule 10b-5, Section 11, Section 12**
By Filing Year; January 2005 – December 2012



In addition to the number of filings, we also analyze the size of the cases that they represent using a measure we label "investor losses." Aggregate investor losses as shown in Figure 5 are simply the sum of total investor losses across all cases for which investor losses can be computed.

NERA's investor losses variable is a proxy for the aggregate amount that investors lost from buying the defendant's stock rather than investing in the broader market during the alleged class period. Note that the investor losses variable is not a measure of damages since *any* stock that underperforms the S&P 500 would have "investor losses" over the period of underperformance; rather, it is a rough proxy for the relative size of investors' potential claims. Historically, "investor losses" have been a powerful predictor of settlement size. Investor losses can explain more than half of the variance in the settlement values in our database.

We do not compute investor losses for all cases included in this publication. For instance, class actions in which only bonds and not common stock are alleged to have been damaged are not included. The largest excluded groups are the IPO laddering cases and the merger objection cases. Previous NERA reports on securities class actions did not include investor losses for cases with only Section 11 allegations, but such cases are included here. The calculation for these cases is somewhat different than for cases with 10b-5 claims.

Technically, the investor losses variable explains more than half of the variance in the logarithm of settlement size. Investor losses over the class period are measured relative to the S&P 500, using a proportional decay trading model to estimate the number of affected shares of common stock. We measure investor losses only if the proposed class period is at least two days.

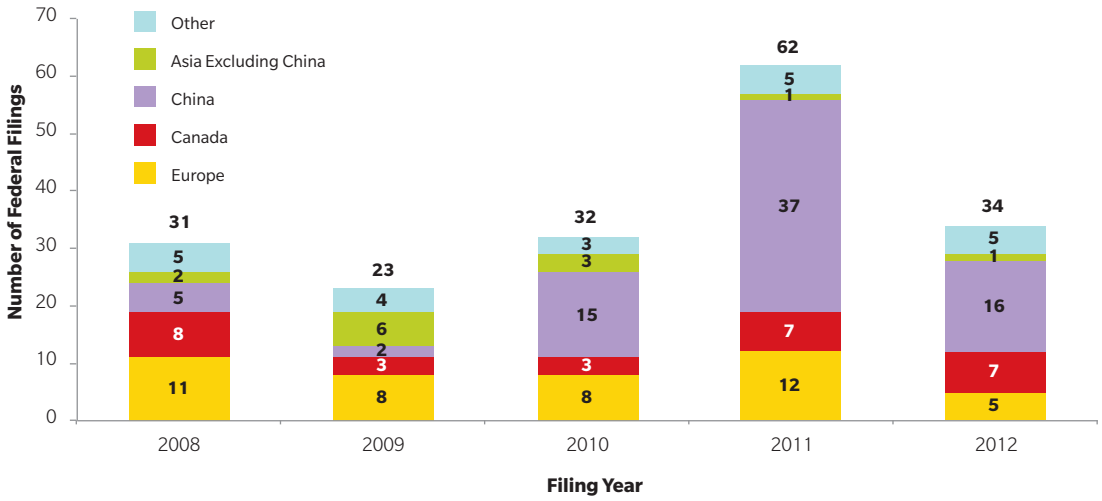
Aggregate investor losses for 2012 were slightly below the level observed in 2011, but they have been generally increasing since 2009. Although about half of the cases filed between 1996 and 2012 have investor losses of less than $500 million, in total these cases account for only 5% of aggregate investor losses. The bulk of aggregate investor losses is represented by a handful of cases in each year with investor losses of more than $10 billion, so that most year-to-year variation in aggregate investor losses is the result of variation in these large cases.

Figure 5. **Aggregate Investor Losses ($Billion) for Federal Filings with Alleged Violations of Rule 10b-5, Section 11, or Section 12**
January 2005 – December 2012

Filings by Issuers' Country of Domicile[5]

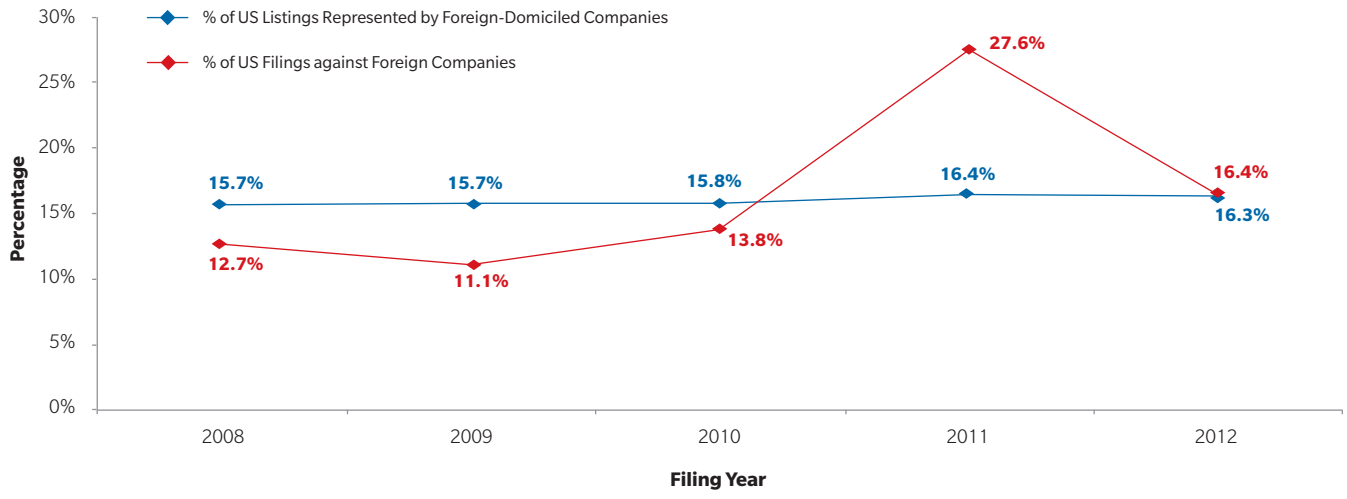
In 2011, a record number of cases were filed against foreign issuers, with a total of 62. More than half of those cases (37) reflected a surge of filings against companies domiciled or with principal executive offices in China. Filings against Chinese companies dropped significantly in 2012, though, with only 16 suits filed. See Figure 6. Filings against all foreign-domiciled companies were also down in 2012, and back to their pre-2011 levels. As mentioned in our mid-year 2012 report, the requirements for listing in the US through the reverse merger process have become more stringent, including the requirement that the company trade elsewhere for a one-year "seasoning period."[6] Additionally, *The Wall Street Journal* has reported that the number of Chinese companies listed on the NYSE and Nasdaq has declined 20% since 2010.[7]

Figure 6. **Filings by Company Domicile and Year**
Foreign-Domiciled Companies; January 2008 – December 2012



Note: Companies with principal executive offices in China are included in the totals for China.

Figure 7. **Foreign-Domiciled Companies: Share of Filings and Share of All Companies Listed in United States**
January 2008 – December 2012

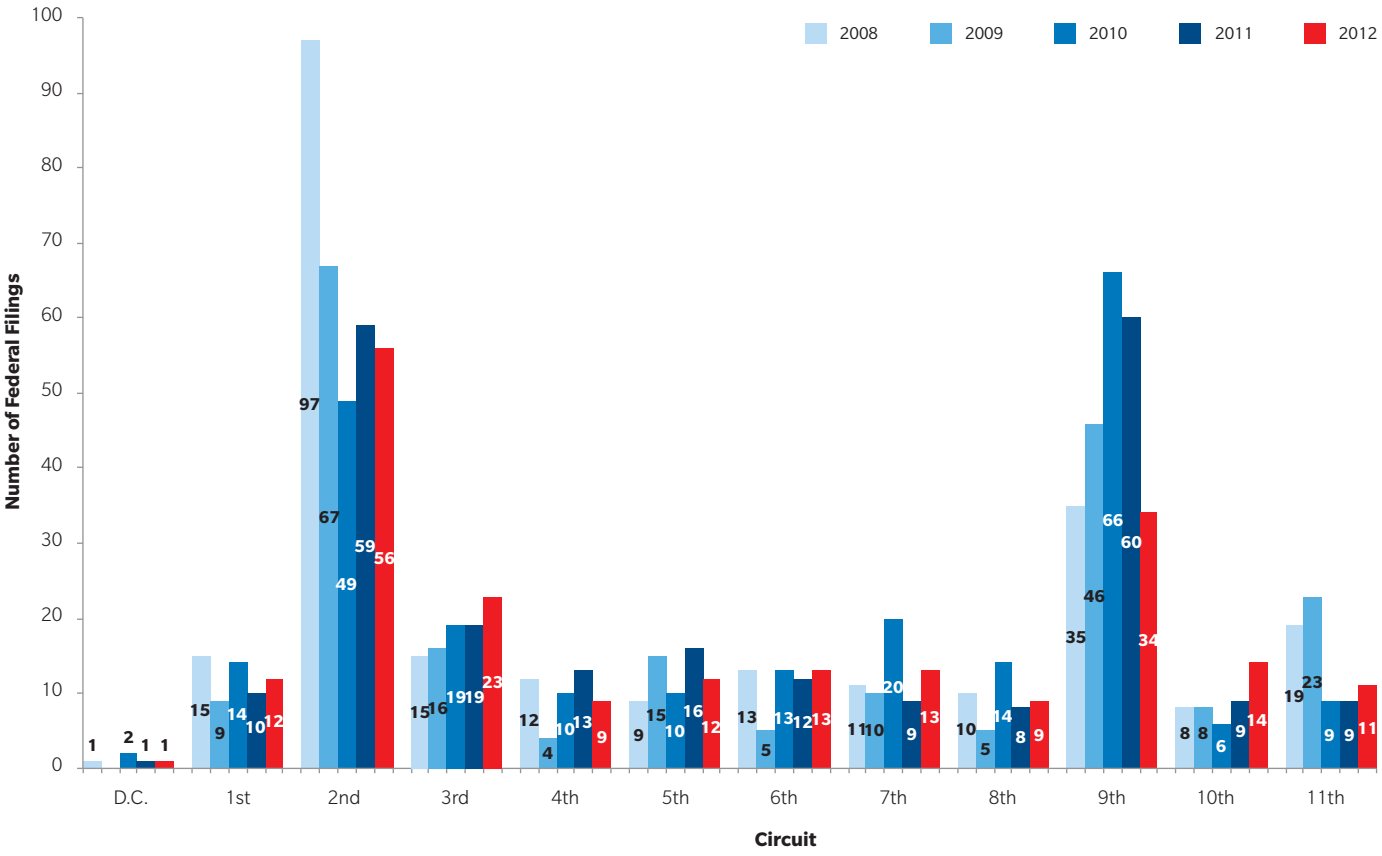


Note: Companies with principal executive offices in China are included in the counts of foreign companies.

Filings by Circuit

Filings continue to be concentrated in two US circuits: the Second Circuit, including New York State, and the Ninth Circuit, including California. In 2012, 56 cases were filed in the Second Circuit and 34 in the Ninth, accounting for over 43% of all filings. Filings in the Ninth Circuit dropped significantly, however, and were about half of the previous year's level. This level was one of the lowest since 1996, after the passage of the Private Securities Litigation Reform Act (PSLRA). See Figure 8.

Figure 8. **Federal Filings by Circuit and Year**
January 2008 – December 2012

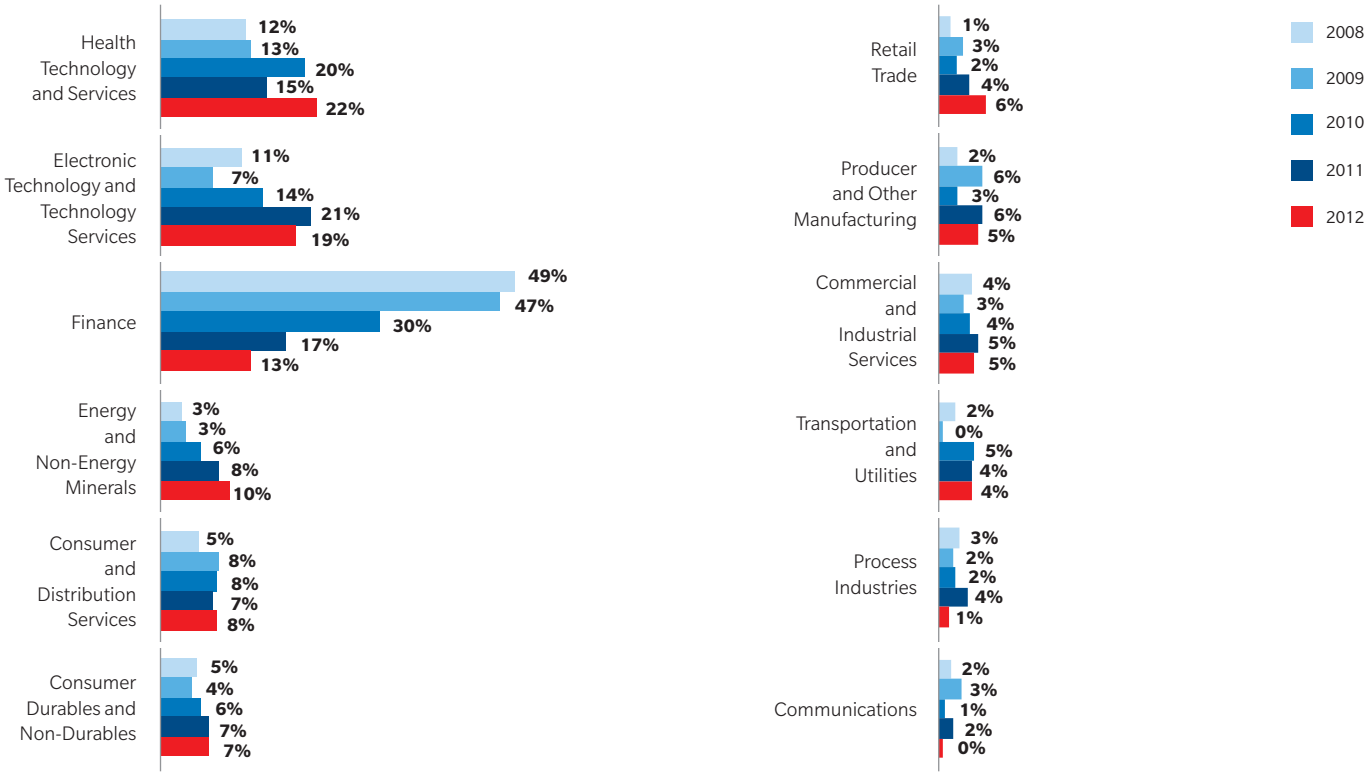


Filings by Sector

The health technology and services sector remains a prime target for litigation. The percentage of securities class action filings against companies in this industry increased to 22% in 2012, from 12% in 2008 and 15% in 2011. The share of filings in the energy and non-energy minerals sector also grew to almost 10% in 2012 from 8% in the previous year. See Figure 9.

Filings against primary defendants in the finance sector have continued to decline, from a peak of nearly half of all securities class actions during the credit crisis years of 2008 and 2009, to less than 13% in 2012. Companies in the electronic technology and technology services industry have been targeted slightly less frequently this year, accounting for 19% of filings in 2012, down from 21% in 2011.

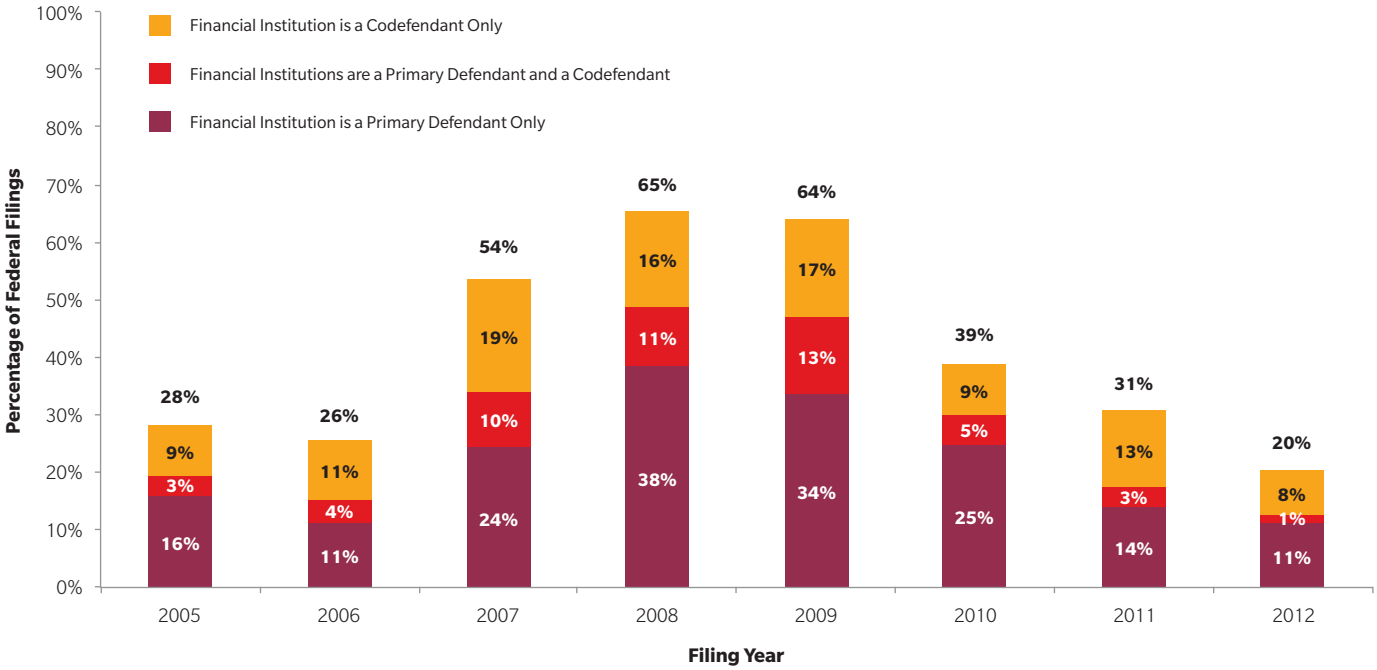
Figure 9. **Percentage of Filings by Sector and Year**
January 2008 – December 2012



Note: This analysis is based on the FactSet Research Systems, Inc. economic sector classification. Some of the FactSet economic sectors are combined for presentation.

The above statistics refer to companies named as primary defendants in securities class actions. Companies in the finance industry have also been named as codefendants. Figure 10 shows that 8% of filings in 2012 involved a financial institution as a codefendant, but not a primary defendant. Including cases in which they were named as a co-defendant and/or a primary defendant, however, the percentage of federal filings involving a financial company is still only 20%, the lowest level since at least 2005.[8]

Figure 10. **Federal Cases in which Financial Institutions Are Named Defendants**
January 2005 – December 2012

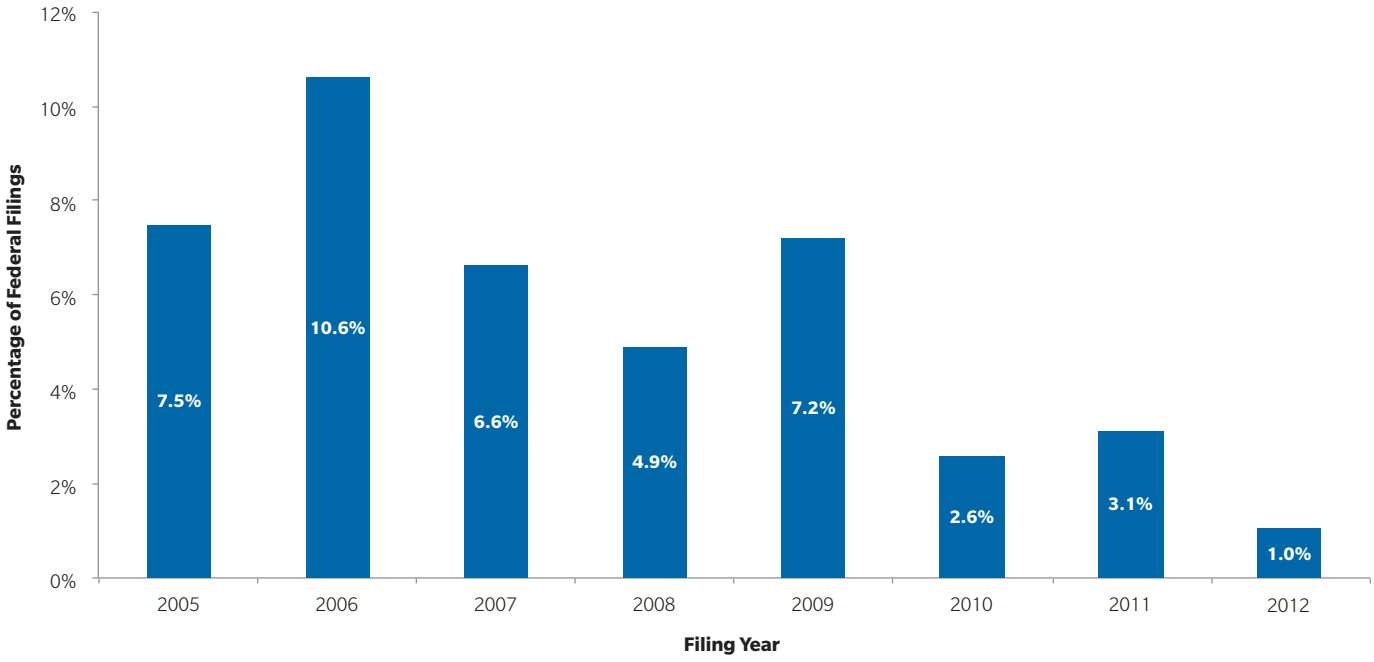


Accounting Codefendants

Only two federal securities class actions included an accounting codefendant in 2012, and neither of these cases involved one of the big four accounting firms. This represents a substantial change since 2005-2009, when on average 6.9% of cases named accounting codefendants, and continues the decline following the roughly 3% observed during 2010-2011. See Figure 11. These figures are based on the initial complaint; in the past, accounting codefendants were added relatively often to cases subsequently.[9]

In our mid-year 2012 report, we noted that this trend might be the result of changes in the legal environment. The Supreme Court's *Janus* decision in 2011 restricted the ability of plaintiffs to sue parties not directly responsible for misstatements, and as a result, auditors may only be liable for statements made in their audit opinion. This decision, along with the Court's *Stoneridge* decision in 2008, which limited scheme liability, may have made accounting firms unappealing targets for securities class action litigation.

Figure 11. **Percentage of Federal Filings in which an Accounting Firm is a Codefendant**
January 2005 – December 2012

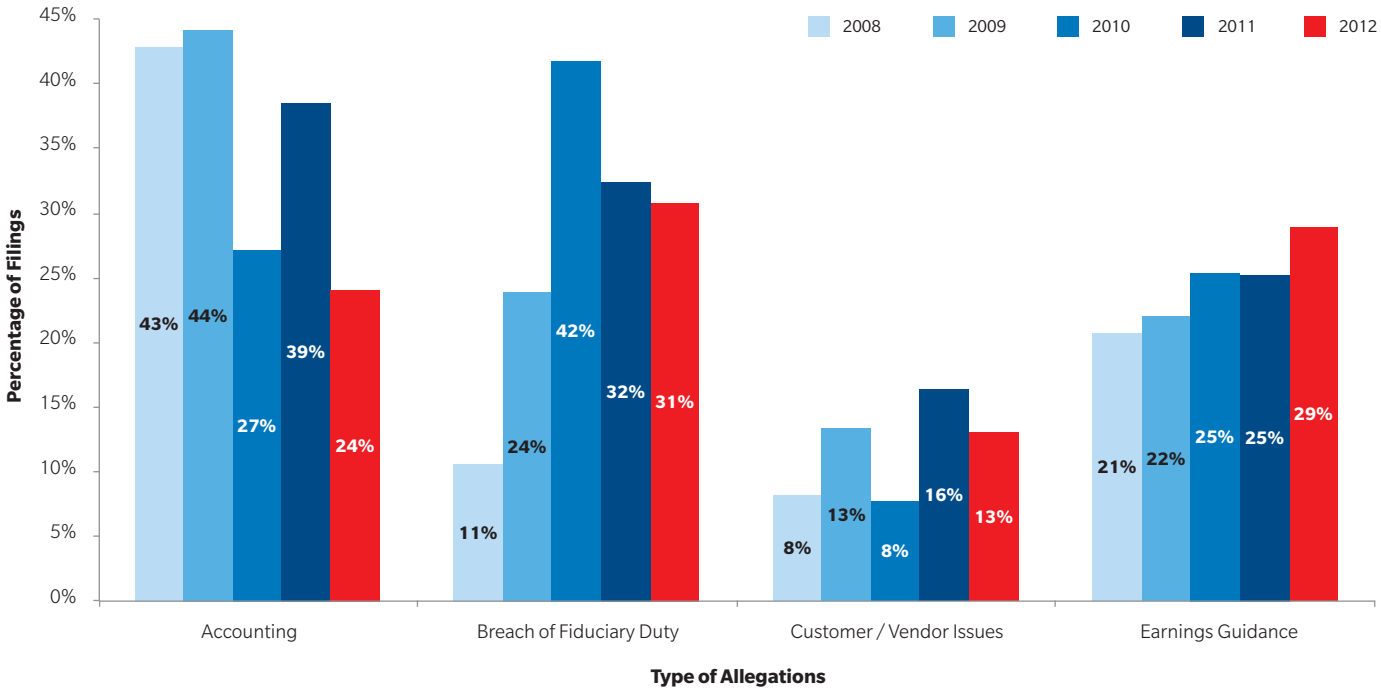


Allegations

In 2012, 31% of filings contained allegations of breach of fiduciary duty, similar to the percentage in the previous year. Allegations involving misleading earnings guidance continued to increase to 29% of complaints in 2012, up from 21% in 2008 and 25% in 2011. Almost a quarter of filings included accounting allegations, down from 44% in 2008-2009, at the height of the wave of credit crisis litigation. The decline in accounting allegations may also explain some of the reduction in cases with accounting codefendants. See Figure 12.

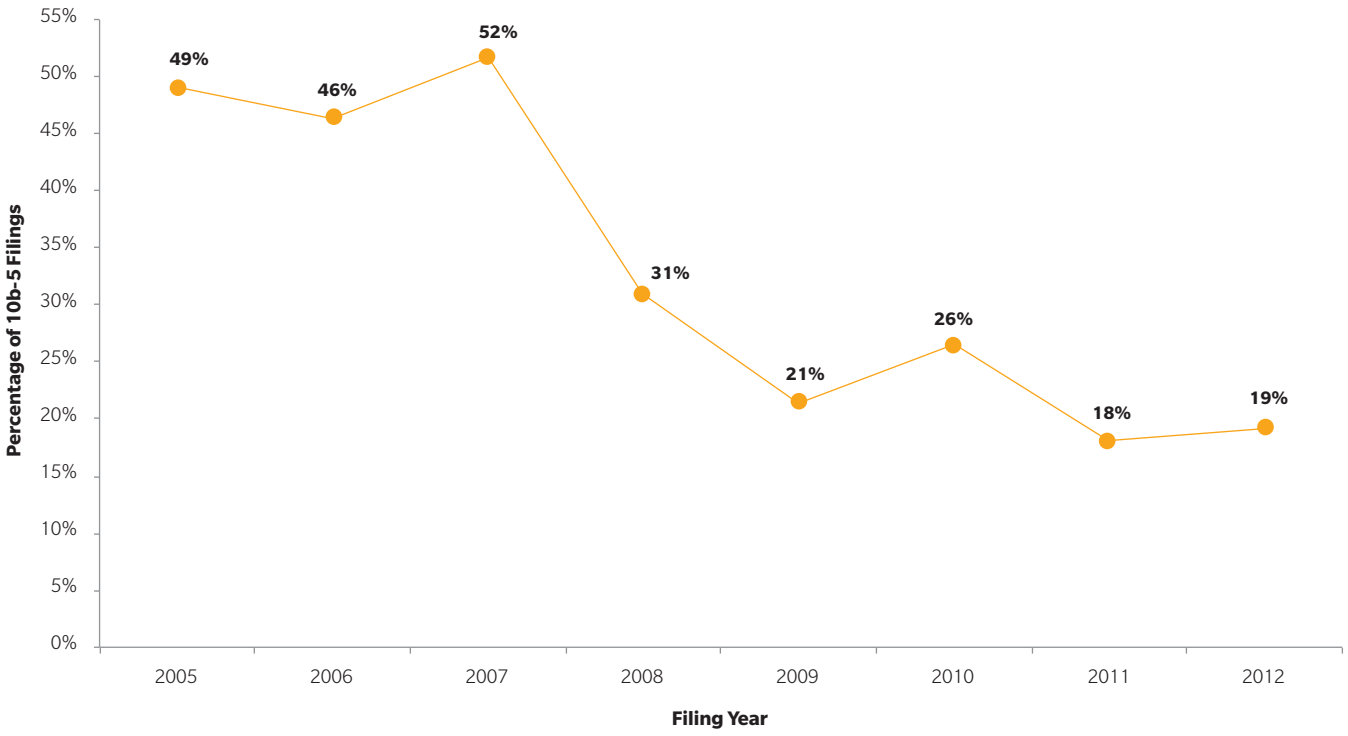
Most complaints include a wide variety of allegations, not all of which are depicted here. Due to multiple types of allegations in complaints, the percentages in Figure 12 sum to more than 100%.

Figure 12. **Allegations in Federal Filings**
January 2008 – December 2012



In 2012, 19% of class actions with Rule 10b-5 allegations also alleged insider sales, which is slightly higher than the fraction observed in the prior year. However, the share of such filings has been drifting downward, with 2012 at just over one-third the level in 2007. See Figure 13.

Figure 13. **Percentage of Rule 10b-5 Filings Alleging Insider Sales**
By Filing Year; January 2005 – December 2012

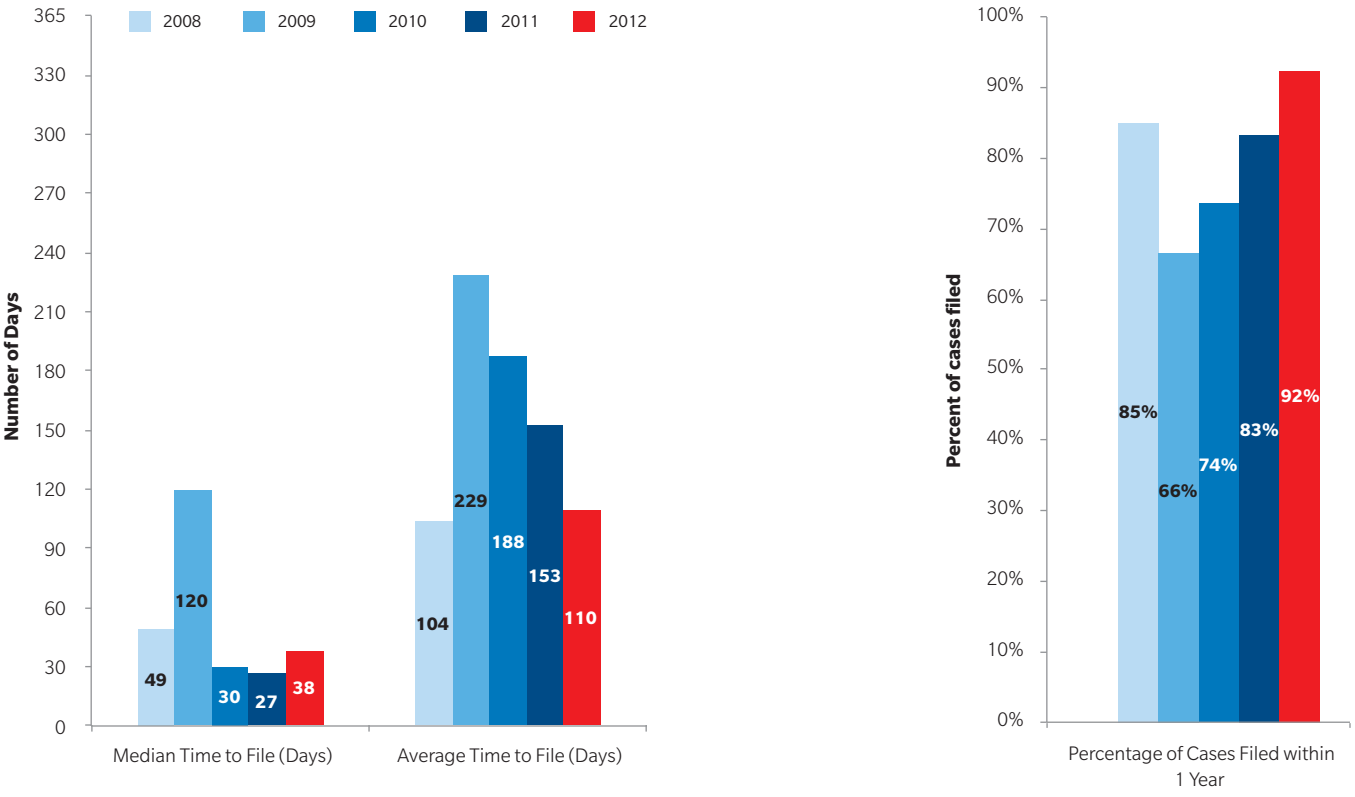


Time to File

Plaintiffs' attorneys have been responding to stock price drops with ever-increasing speed, and the time from the end of the alleged class period to first filing has been decreasing since 2009. In 2012, the average time to file was 110 days, down from a high of 229 days in 2009 and 153 days in 2011. The percentage of cases that are filed within one year has unsurprisingly also been increasing, from 66% in 2009 to 92% in 2012. See Figure 14.

Unlike the average time to file, the median time to file is up slightly since 2011. Half of the complaints in 2012 were filed within 38 days of the end of the class period, up from 27 days in 2011.

Figure 14. **Time to File from End of Alleged Class Period to File Date for Rule 10b-5 Cases**
January 2008 – December 2012



Note: This analysis excludes cases where the alleged class period could not be unambiguously determined.

Analysis of Motions

In an important addition to our analysis of class actions, starting with our most recent mid-year report, we have analyzed trends in the different motions and their resolutions for federal securities class actions filed and settled in 2000 or later.[10] We have now also coded data for cases that were resolved without settlement, in addition to the settled cases analyzed in our earlier work.[11] Cases resolved without settlement include cases that are dismissed, including voluntary dismissal, or are terminated by a successful motion for summary judgment or an unsuccessful motion for class certification. Specifically, our data cover motions to dismiss, motions for class certification, and motions for summary judgment. These data allow new insight to be gained into the litigation process for securities class actions.

A motion to dismiss was filed in more than 96% of all cases. Of the 4% of cases without a motion to dismiss, virtually all ended with settlements. While motions to dismiss are almost always filed, in many cases we never observe their resolution. Specifically, in 20% of settled cases where a motion to dismiss had been filed, settlement was reached before the court reached a decision. Note that for settled cases, we record the status of any motions at the time of settlement. For example, if a case has a motion to dismiss granted but then denied on appeal, followed immediately by settlement, we would record the motion as denied.

Next we turn to the resolution of motions to dismiss. See Figure 15. For cases in which we observed the decision of the court:

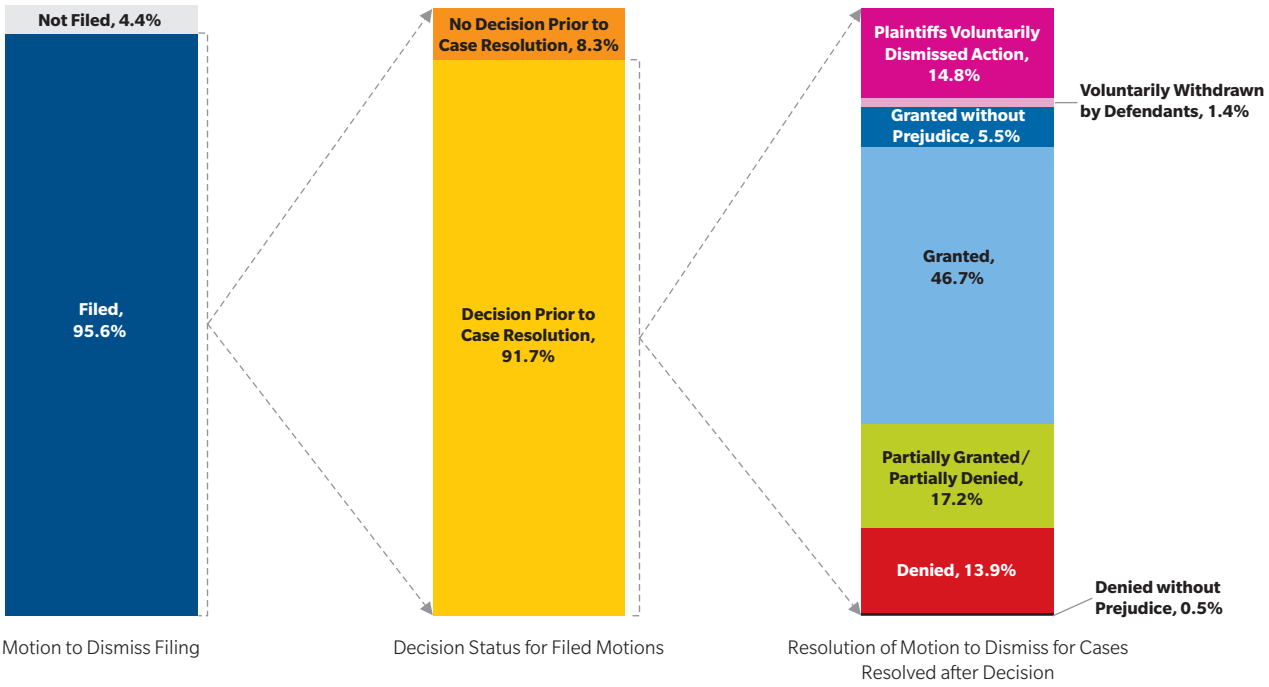
- 47% of the motions were granted;[12]
- 15% were voluntarily dismissed by plaintiffs;
- 14% of the motions were denied in their entirety; and
- 17% of the motions were granted in part. This sort of resolution typically alters the class period, removes some classes of assets, or removes some defendants.

In total, then, 31% of cases continued past the motion to dismiss, at least in part. In an additional 5% of cases, dismissal was granted, though without prejudice.

The stated success rate for motions to dismiss reflects the outcome at the time the case was resolved. More motions to dismiss that were successful might have been overturned, but instead resulted in settlements before further appeals were concluded. About 8% of cases in which the motion to dismiss was granted with prejudice or in its entirety resulted in settlements.

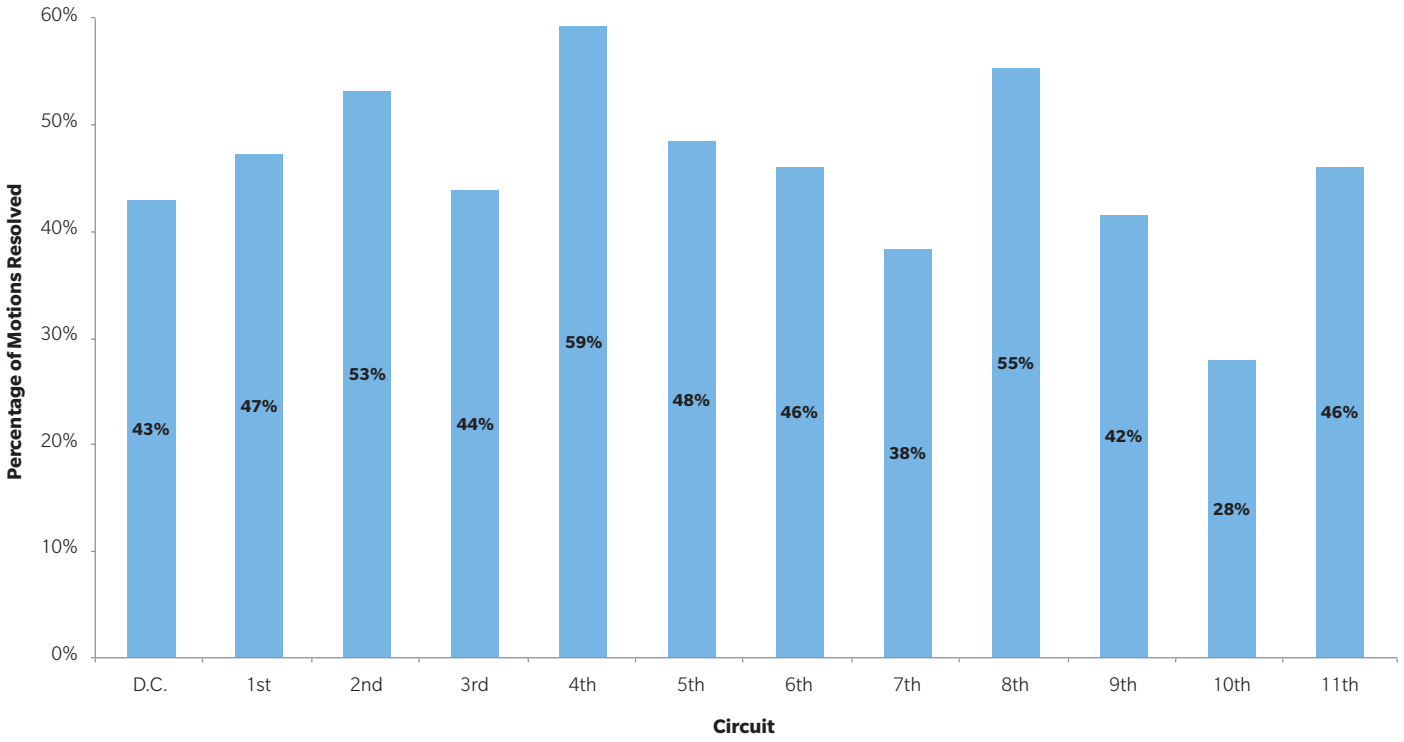
Some changes have occurred over time in the patterns of resolutions to the motion to dismiss. In recent years, motions to dismiss have been granted somewhat more frequently. For cases filed in 2005 or earlier, 45% of the motions to dismiss were granted, while that figure increased to 50% for cases filed after 2005. An even larger increase occurred in the fraction of cases that have been voluntarily dismissed by plaintiffs, with figures of 22% for post-2005 cases and 10% for earlier matters.

Figure 15. **Filing and Resolutions of Motions to Dismiss**
Cases Filed and Resolved January 2000 – December 2012



Systematic differences have been observed in the rate at which motions to dismiss are granted across the circuits. Focusing on the fraction of motions to dismiss granted in their entirety or with prejudice, the rates at which dismissals are granted by courts has varied from 28% in the Tenth Circuit up to 59% in the Fourth Circuit. See Figure 16. For the Second and Ninth Circuits, where many securities class actions are filed, the rates were 53% and 42% respectively. These differences may not be entirely caused by different standards across the circuits; there may also be systematic differences in the types of cases brought in different circuits.

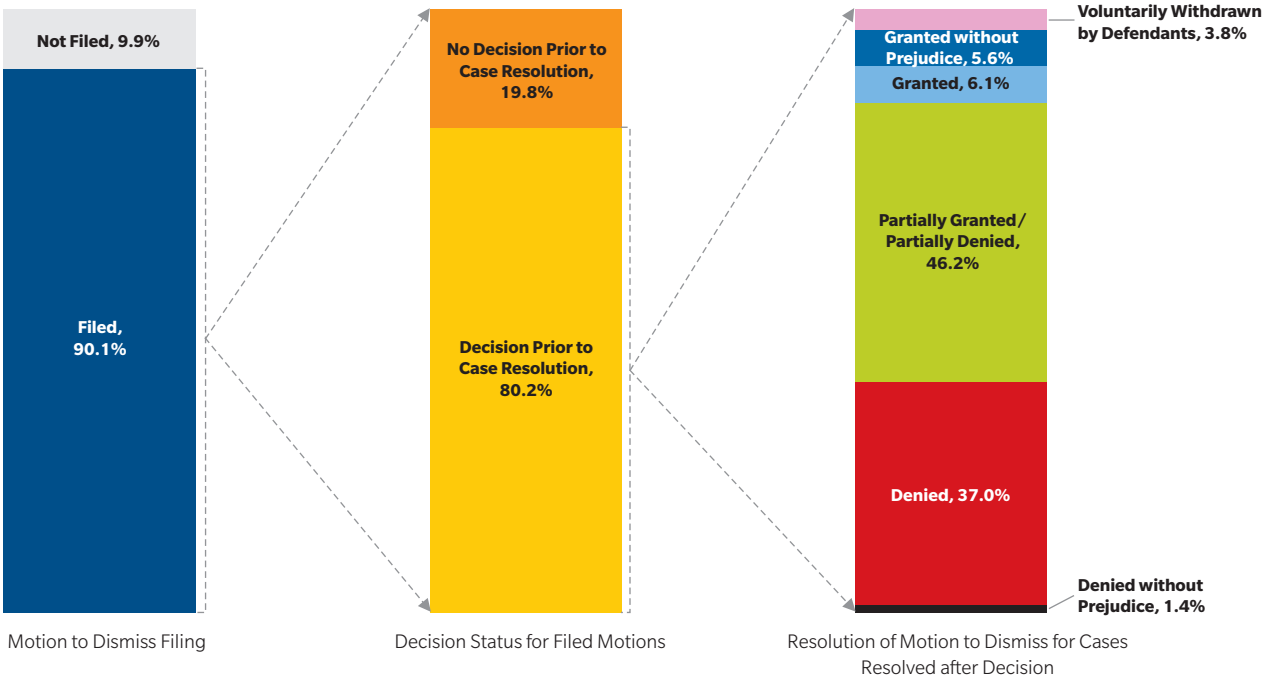
Figure 16. **Rates at which Motion to Dismiss is Granted by Circuit**
Cases Filed and Resolved January 2000 – December 2012



Note: Rate at which motion to dismiss is granted, calculated as number of motions granted with prejudice or in its entirety as percentage of cases resolved after a decision on the motion.

Another way to look at the outcome of the motion to dismiss is to consider the status for only those cases that were actually settled.[13] Inside this group, the most frequent outcome, at 46%, was that the motion was partially granted and partially denied, while in a further 37% of cases it was simply denied. The other outcomes are summarized in Figure 17.

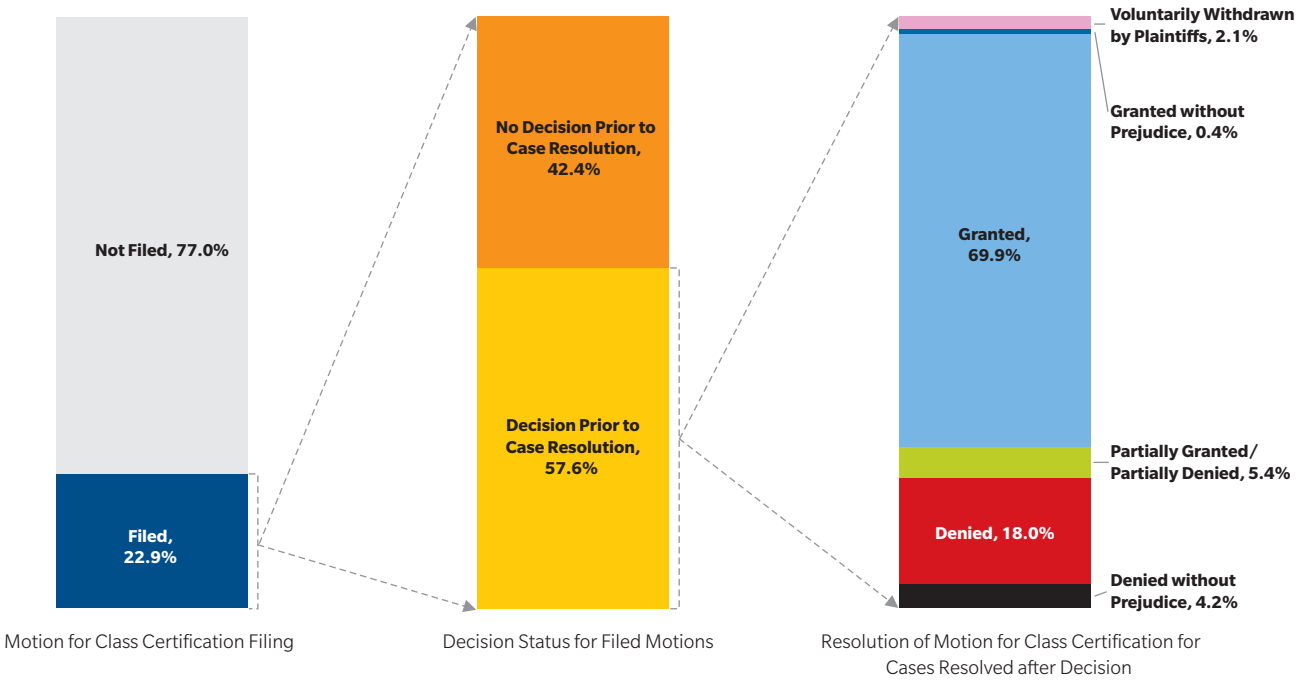
Figure 17. **Filings and Resolutions of Motions to Dismiss for Cases that Ultimately Resulted in a Settlement**
Cases Filed and Settled January 2000 – December 2012



Most cases are resolved before a motion for class certification is filed; 77% of cases fall into this category. Another 10% of cases were resolved before any decision was reached on class certification. In 75% of the cases where decision was reached on the motion for class certification, the class was certified, at least in part. In 18% of cases, the motion was denied with prejudice or in its entirety. See Figure 18 for more details.

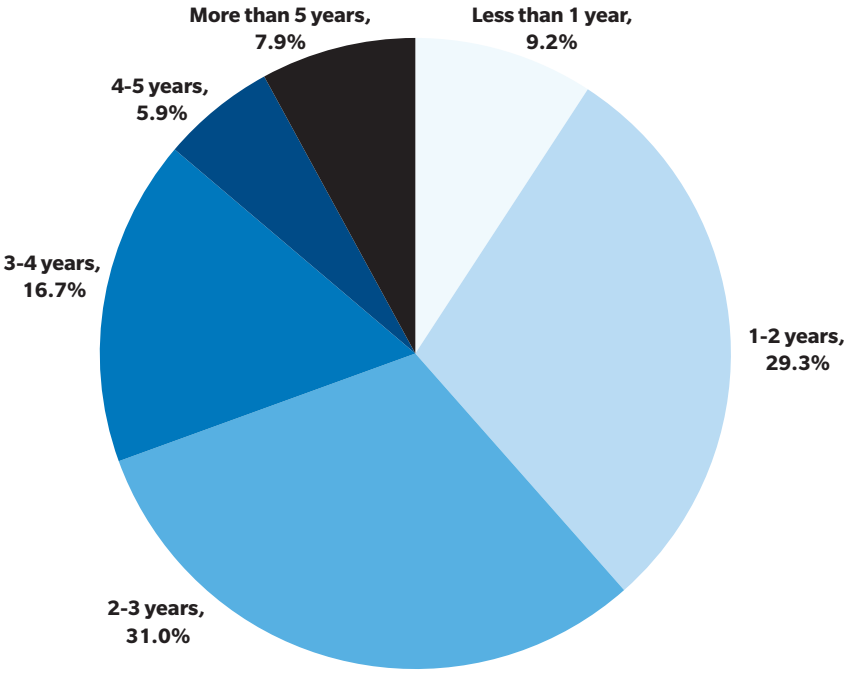
The fraction of classes certified has fallen slightly in recent years. For cases filed in 2005 or before, 76% were certified, while the figure is 72% for more recent cases. This difference, however, is not statistically significant.

Figure 18. **Filing and Resolutions of Motions for Class Certification**
Cases Filed and Resolved January 2000 – December 2012



While relatively few cases proceed to the point at which a decision on class certification is reached, the cases that get to this point provide a measure of the overall speed of the legal process. For cases with a decision, more than three-quarters of such decisions came within three years of the original filing date of the complaint. See Figure 19. The median time is about 2.3 years. The speed of the process has remained relatively constant over time, with cases filed before 2006 getting to class certification in about the same time as cases filed later.

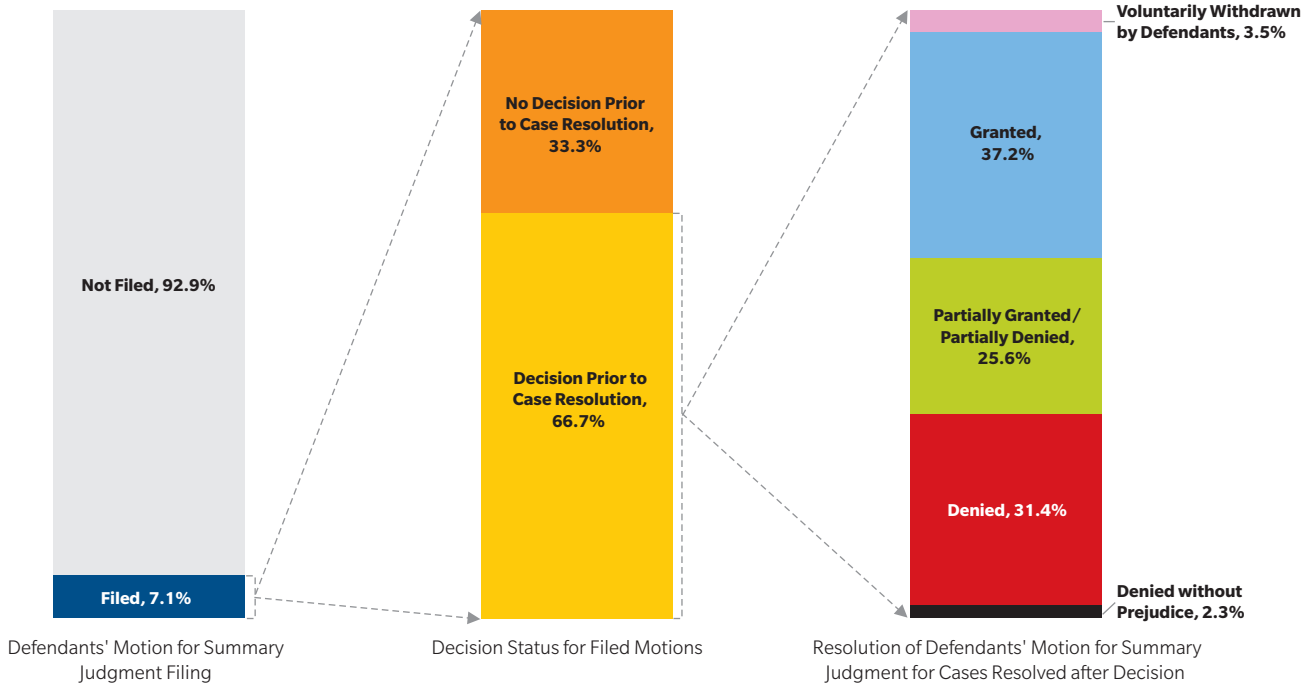
Figure 19. **Time From First Complaint Filing to Class Certification Decision**
Cases Filed and Resolved January 2000 – December 2012



Motions for summary judgment are comparatively rare. Only 9% of resolved cases saw such a motion filed by either side of the litigation. In all but a handful of these cases, the motion for summary judgment was filed by defendants. See Figure 20 for details on the outcomes of summary judgment motions filed by defendants.

It will come as no surprise that the outcomes of different motions affect settlement values. However, our research has found that the relationship between settlement values and motion status is complex, partly because strategic considerations of the litigants can have an important influence on the stage at which a settlement occurs. Despite this complexity, we have found that there are statistically robust relationships between motion status and ultimate settlement values, when other case characteristics are taken into account. Analysis of these effects goes beyond the scope of the present paper, but discussion of some our findings can be found in the recent paper "Dynamic Litigation Analysis: Predicting Securities Class Action Settlements as a Case Evolves."[14]

Figure 20. **Filings and Resolutions of Defendants' Motions for Summary Judgment**
Cases Filed and Resolved January 2000 – December 2012



Trends in Case Resolutions

Number of Cases Settled or Dismissed

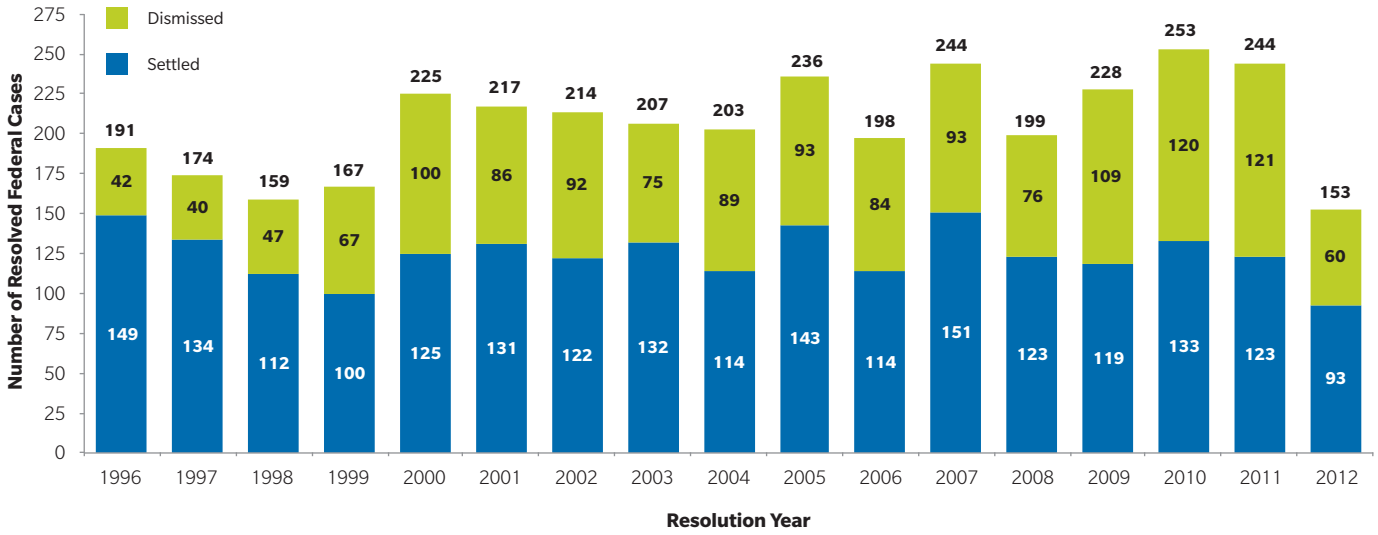
One of the most remarkable trends in securities litigation during 2012 is that only 153 securities class actions were resolved last year. That is, only 153 were settled or dismissed, and none reached a verdict. [15] (In this section, for brevity, we use "dismissed" to refer to all cases that are resolved without a settlement, as described above.) This is the smallest number of cases resolved since 1996, after the passage of the PSLRA. See Figure 21. It corresponds to a 37% reduction from 2011, when 244 securities class actions were resolved. Both the number of settlements and the number of dismissals have declined substantially compared to recent years.

Only 93 securities class actions settled in 2012—also a record low since 1996 and a 25% reduction from 2011, when 123 cases settled. Among these 93, the number of settlements that provided monetary compensation for the class was even smaller, at 65. The other 28 settlements reached in 2012 provided no monetary compensation for the class. All of these zero dollar settlements were merger objection cases, which often provide only for additional disclosures and plaintiffs' attorneys' fees and expenses. In 2011, 34 settlements provided no monetary compensation for the class, slightly higher than this past year, but the cash settlements were also higher at 89.

A similarly small number of dismissals occurred. Specifically, only 60 cases were dismissed in 2012—the smallest number since 1998, representing a more than 50% reduction in the number of dismissals since last year.

As we discussed in a previous publication, reasons for this reduction in the number of cases resolved include the reduction in the number of cases awaiting resolution at the beginning of 2012 and a deceleration in the speed of resolutions. The drivers of this deceleration are not fully known; it will be interesting to observe whether resolutions pick up pace again after the Supreme Court decides the *Amgen* case.

Figure 21. **Number of Resolved Cases: Dismissed or Settled**
January 1996 – December 2012

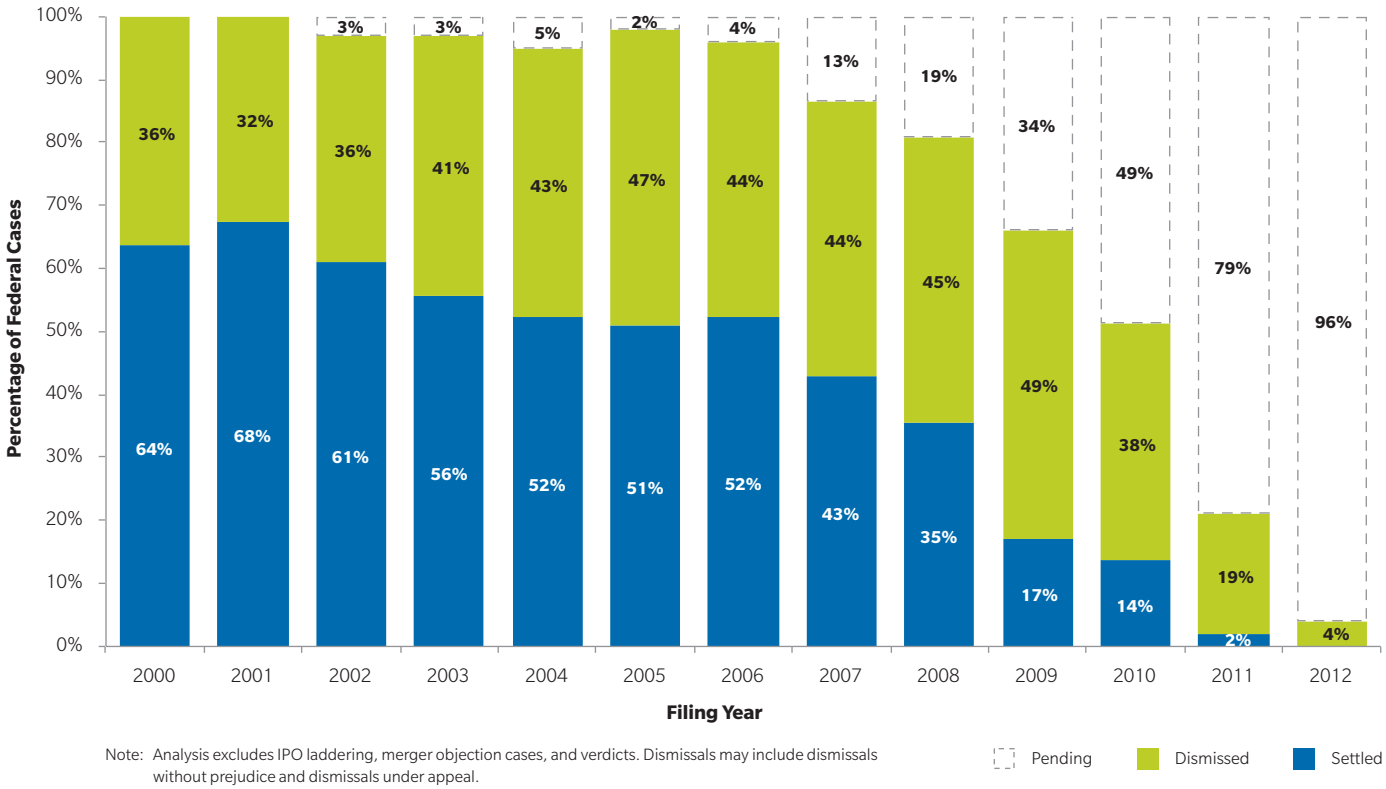


Note: Analysis excludes IPO laddering cases. Dismissals may include dismissals without prejudice and dismissals under appeal.

Dismissal Rates

Dismissal rates appear to be rising. Figure 22 shows the dismissal rate calculated as follows: cases ultimately dismissed as a fraction of all cases filed in a given year. Almost all cases filed from 2000 to 2006 have been resolved. Dismissal rates in those years have progressively increased from 32%-36% in 2000-2002 to 43%-47% in 2004-2006.[16] On a preliminary basis, it appears that dismissal rates continued to increase in 2007 to 2009, as 44%-49% of cases filed in those years have already been dismissed. However, the ultimate dismissal rate for cases filed in these more recent years is less certain. On one hand, it may increase further as there are more cases awaiting resolution. On the other hand, it may decrease because recent dismissals are more likely than older ones to be appealed or re-filed, and may ultimately result in settlements.[17] For cases filed during 2010 to 2012, it is too early to tell whether the trend of increasing dismissal rates continues; the resolutions we have observed for cases filed in recent years are likely dominated by the fact that dismissals tend to happen faster than settlements.

Figure 22. **Status of Cases as Percentage of Federal Filings by Filing Year**
January 2000 – December 2012



Note: Analysis excludes IPO laddering, merger objection cases, and verdicts. Dismissals may include dismissals without prejudice and dismissals under appeal.

Time to Resolution

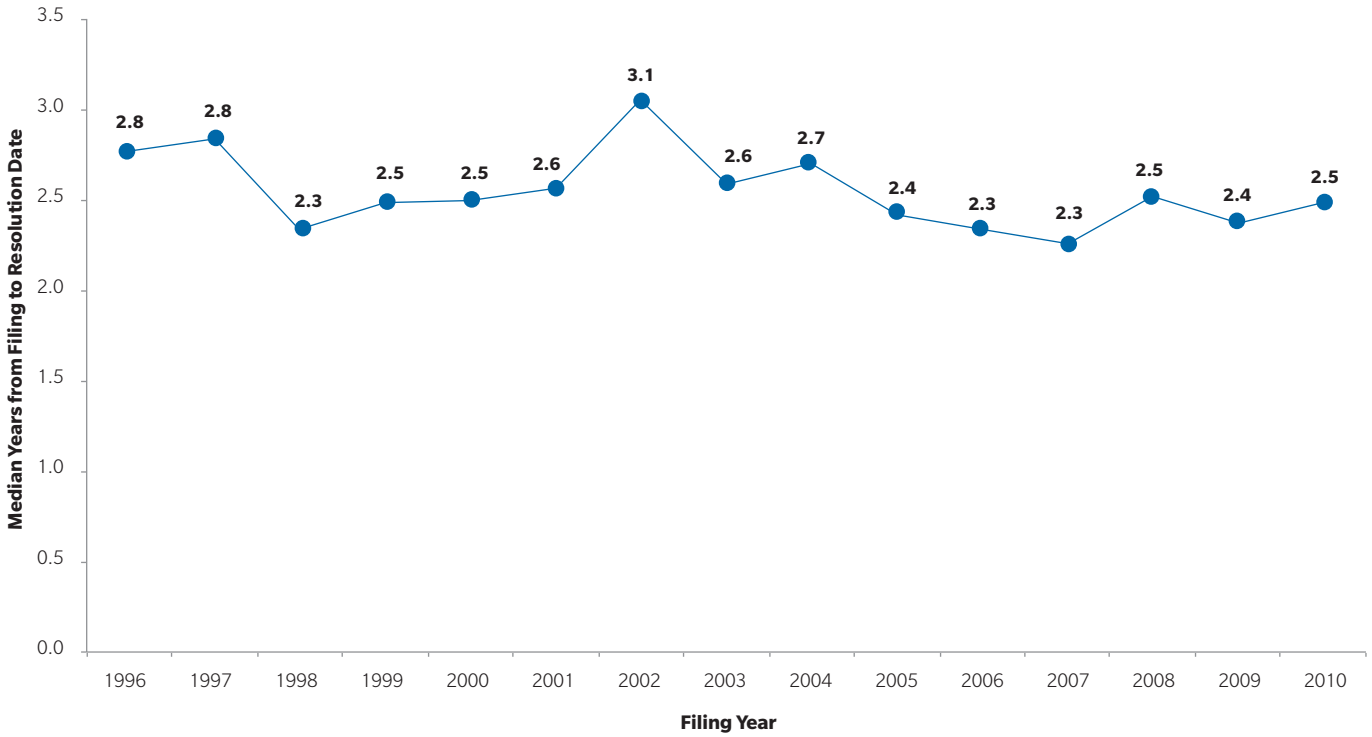
With a variable called "time to resolution," we measure the time between case filing and resolution (whether settlement or dismissal). We group cases by the year in which they were filed and show median time to resolution across these filing years. For each filing year for which at least 50% of the cases have resolved, the median time to resolution is accurate even if some of the cases are still pending. The most recent filing year for which this computation is possible is currently 2010.

Median time to resolution has oscillated between 2.3 and 3.1 years in the period 1996-2010 and has been remarkably stable, between 2.3 and 2.5 years, in the sub-period 2005-2010, if IPO laddering cases and merger objection cases are excluded. See Figure 23.

If merger objection cases are included, then time to resolution shows a sharp drop to 2.0 years in 2009 and 1.5 years in 2010. Merger objections are known to resolve quickly, so it is unsurprising that their inclusion reduces the median.

Also unsurprising is that the inclusion of IPO laddering cases brings the median time to resolution for cases filed in 2001 to 7.8 years, given that they were filed then and not resolved until 2009.

Figure 23. **Median Years from Filing of Complaint to Resolution of the Case**
By Filing Year; January 1996 – December 2012



Note: Analysis excludes IPO laddering and merger objection cases. Cases filed January 1996 – December 2010 and resolved January 1996 – December 2012.

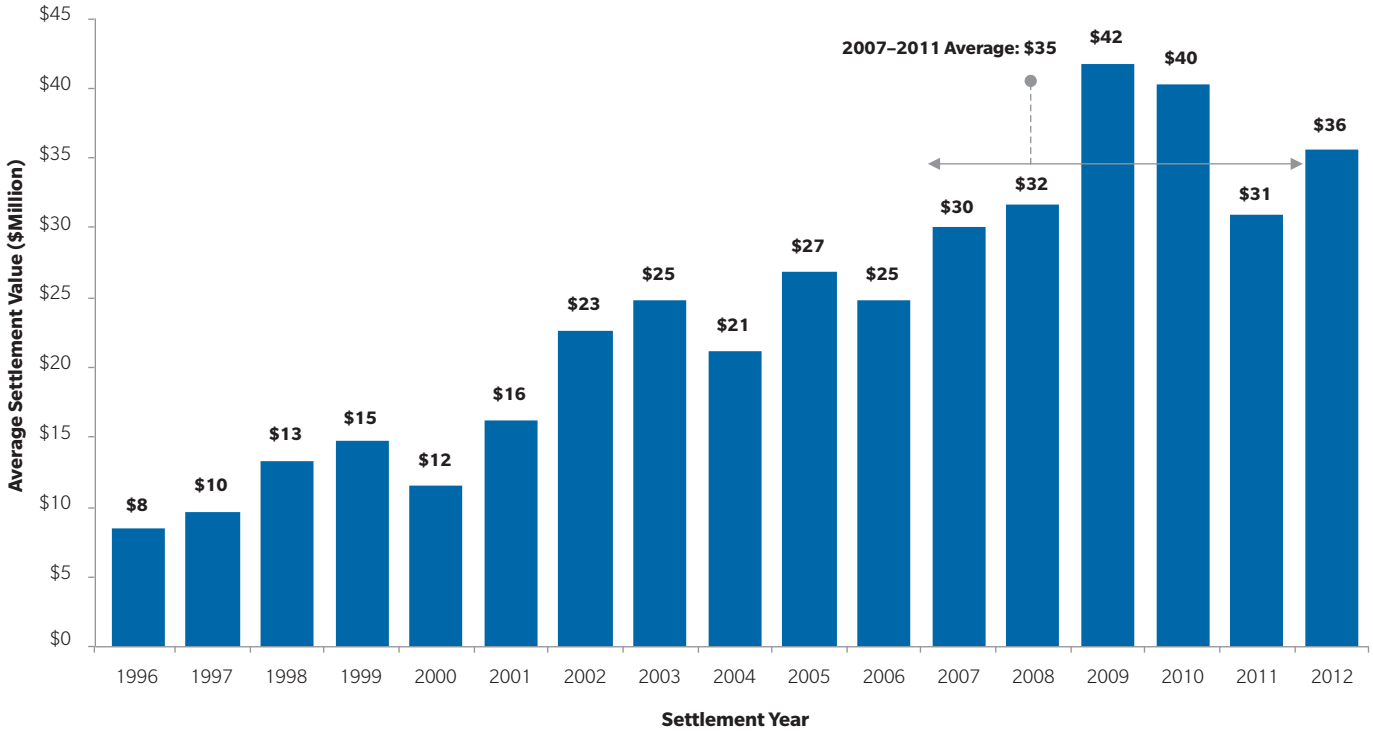
Trends in Settlements

Settlement Amounts

The biggest settlements once again grabbed the biggest headlines in 2012; in particular, the $2.43 billion Bank of America settlement related to its acquisition of Merrill Lynch drew media attention. That settlement has not yet obtained judicial approval, however; therefore, consistent with our protocol, it is not included in our settlement statistics.[18]

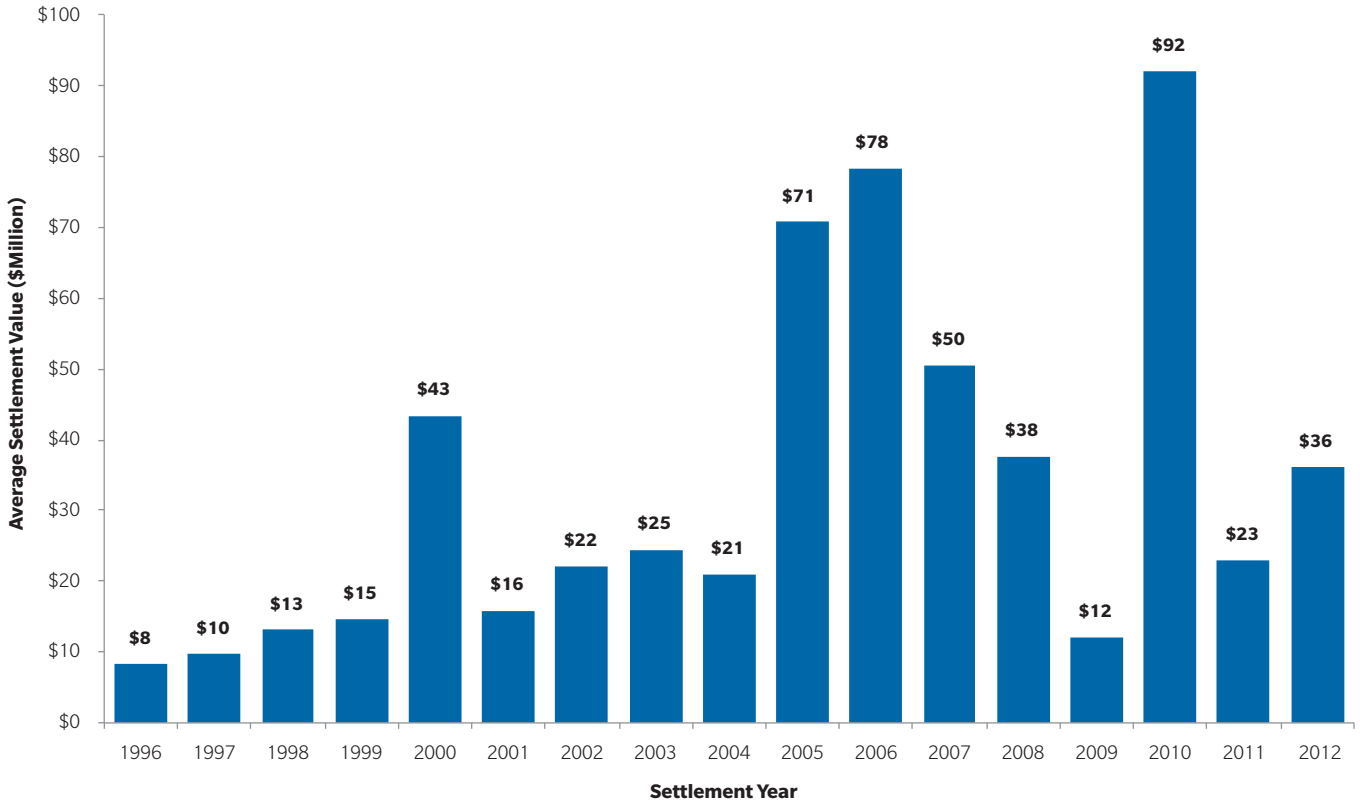
The average settlement amount in 2012 was $36 million, which is within the range of average settlement amounts in recent years. See Figure 24. The average settlement amount in 2012 is slightly above the $35 million average over 2007-2011. The average calculation excludes settlements above $1 billion, settlements in IPO laddering cases, and settlements in merger objection cases. The settlements over $1 billion have a large impact on averages, while the IPO laddering cases and merger objection cases are atypical; inclusion of any of these may obscure trends in more usual cases.

Figure 24. **Average Settlement Value ($Million), Excluding Settlements over $1 Billion, IPO Laddering, and Merger Objection Cases**
January 1996 – December 2012



For completeness, Figure 25 shows average settlements if all cases are included. Coincidentally, the average settlement amount in 2012 is also $36 million with all cases included. This outcome is because the effect of one settlement over $1 billion (AIG, the fourth tranche of which was approved in 2012) is offset by 30 settlements in merger objections cases, 28 of which provided no monetary compensation.

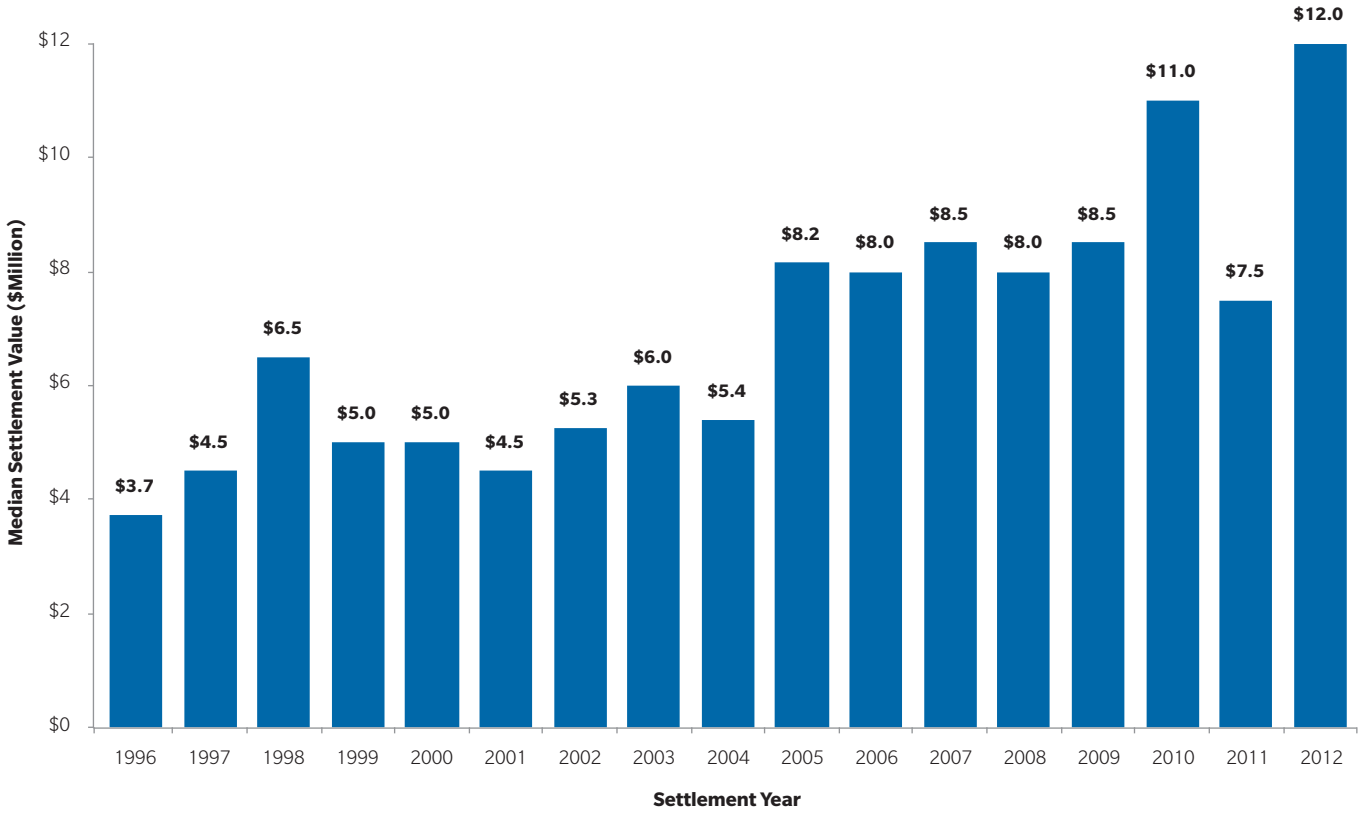
Figure 25. **Average Settlement Value ($Million), All Cases**
January 1996 – December 2012



Another way to look at typical settlement values is to examine the median settlement, i.e., the value that is larger than half of the settlement values in that year. Medians are more robust to extreme values than averages. The median settlement amount in 2012 was $12 million, the highest since passage of the PSLRA. Last year, 2012, was only the second year in which the median settlement exceeded $10 million. See Figure 26.

This figure also shows an increasing trend in median settlement amounts between 1996 and 2012, from $3.7 million in 1996 to $12.0 million in 2012, a 324% increase. Naturally, part of this increase is due to inflation. After adjusting for inflation, the 1996 median settlement was $5.5 million and the increase from then to 2012 was 218%.

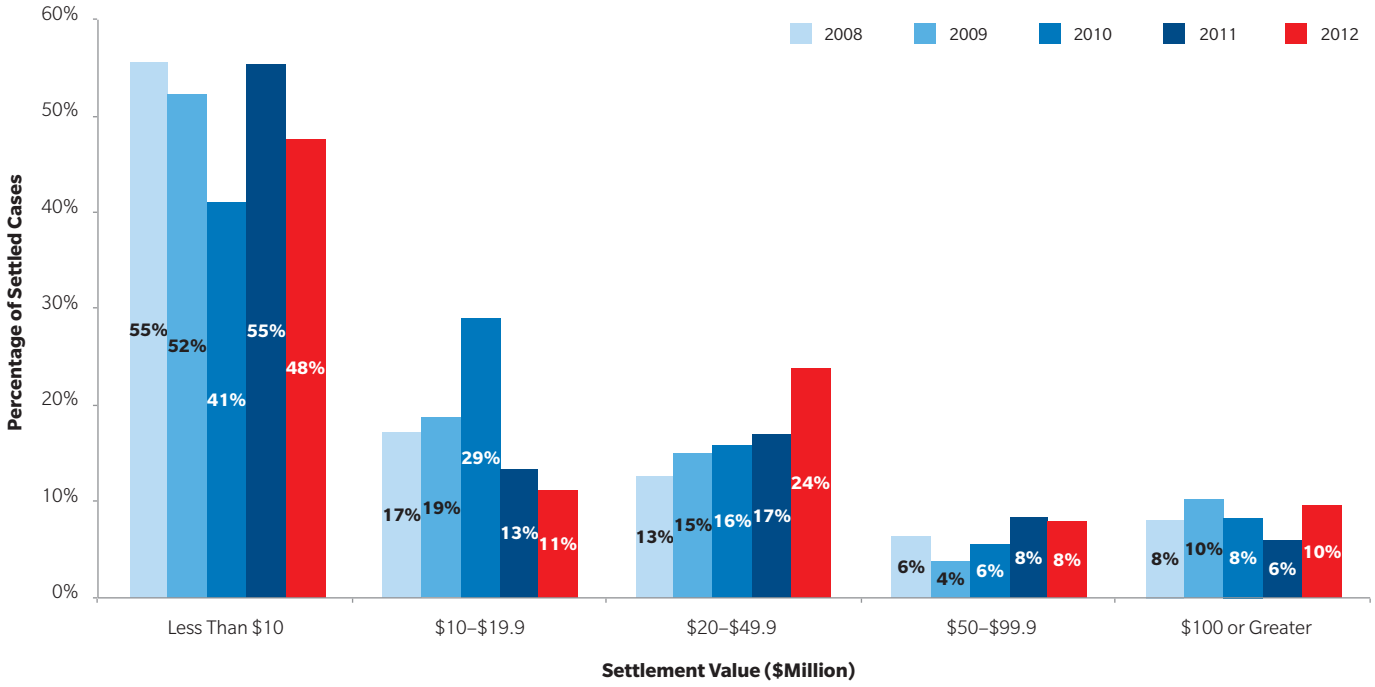
Figure 26. **Median Settlement Value ($Million)**
January 1996 – December 2012



Note: Settlements exclude IPO laddering and merger objection cases.

We also analyzed whether the large drop in the number of settlements in 2012 as compared to 2011 is concentrated in settlements of a particular size. Figure 27 shows that it is not. The decrease has been roughly proportional for small, medium, and large settlements. That is, in spite of the record median settlement, the distribution of settlements of different sizes in 2012 is similar to that in recent years.

Figure 27. **Percentage of Settled Cases by Settlement Value**
January 2008 – December 2012



Note: Settlements exclude IPO laddering and merger objection cases.

The 10 largest securities class action settlements of all time are shown in Table 1. The new addition to the list in 2012 is the $2.43 billion Bank of America settlement associated with the acquisition of Merrill Lynch announced last year and still pending approval. If approved, it will be the sixth largest settlement ever.

Table 1. **Top 10 Securities Class Action Settlements (As of December 31, 2012)**

Ranking	Case Name	Settlement Years	Total Settlement Value ($MM)	Financial Institutions	Accounting Firms	Plaintiffs' Attorneys' Fees and Expenses
				Value ($MM)	Value ($MM)	Value ($MM)
1	ENRON Corp.	2003-2010	$7,242	$6,903	$73	$798
2	WorldCom, Inc.	2004-2005	$6,196	$6,004	$103	$530
3	Cendant Corp.	2000	$3,692	$342	$467	$324
4	Tyco International, Ltd.	2007	$3,200	No codefendant	$225	$493
5	In re AOL Time Warner Inc.	2006	$2,650	No codefendant	$100	$151
6	Bank of America Corp. [1]	2012	$2,425	No codefendant	No codefendant	Not yet known
7	Nortel Networks (I)	2006	$1,143	No codefendant	$0	$94
8	Royal Ahold, NV	2006	$1,100	$0	$0	$170
9	Nortel Networks (II)	2006	$1,074	No codefendant	$0	$89
10	McKesson HBOC, Inc.	2006-2008	$1,043	$10	$73	$88
	Total		**$29,764**	**$13,259**	**$1,040**	**$2,736**

[1] Tentative settlement.

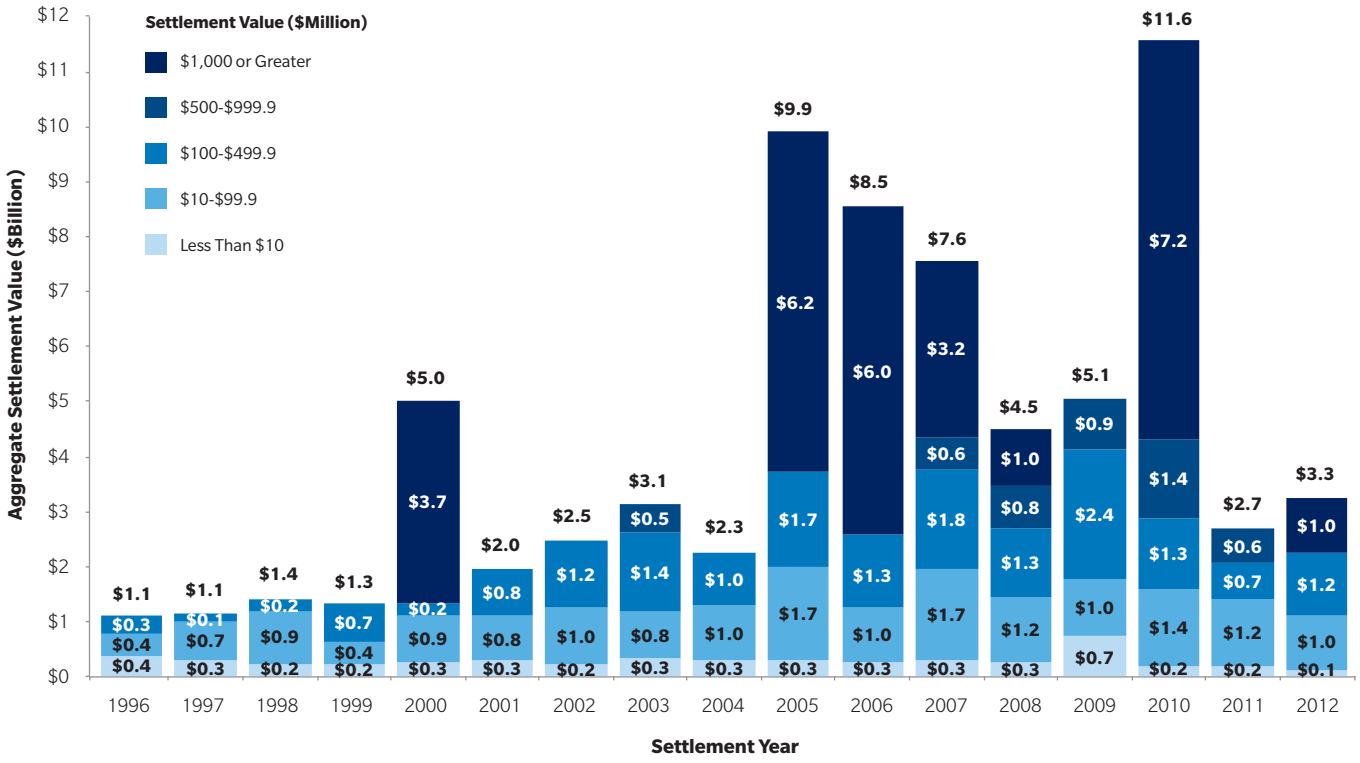
Aggregate Settlements

The total dollar value of all settlements in 2012 exceeded $3 billion. See Figure 28. Just over $1 billion is represented by the AIG settlement, which is included in 2012 because the fourth tranche was approved in that year.

In the figure, it is evident that the large fluctuations in aggregate settlements over the years are driven by the settlements over $1 billion. If those settlements are excluded, aggregate settlements in the years 2007 to 2010 have ranged between $3.5 and $5.1 billion, but decreased to $2.7 billion in 2011 and $2.3 billion in 2012.

Relatively small settlements, those under $10 million, account for about half of all settlements. While these small cases are numerous, they account for a very small fraction of aggregate settlements, as can be seen by contrasting Figures 27 and 28. The total dollar values are driven by big settlements.

Figure 28. **Aggregate Settlement Value by Settlement Size**
January 1996 – December 2012



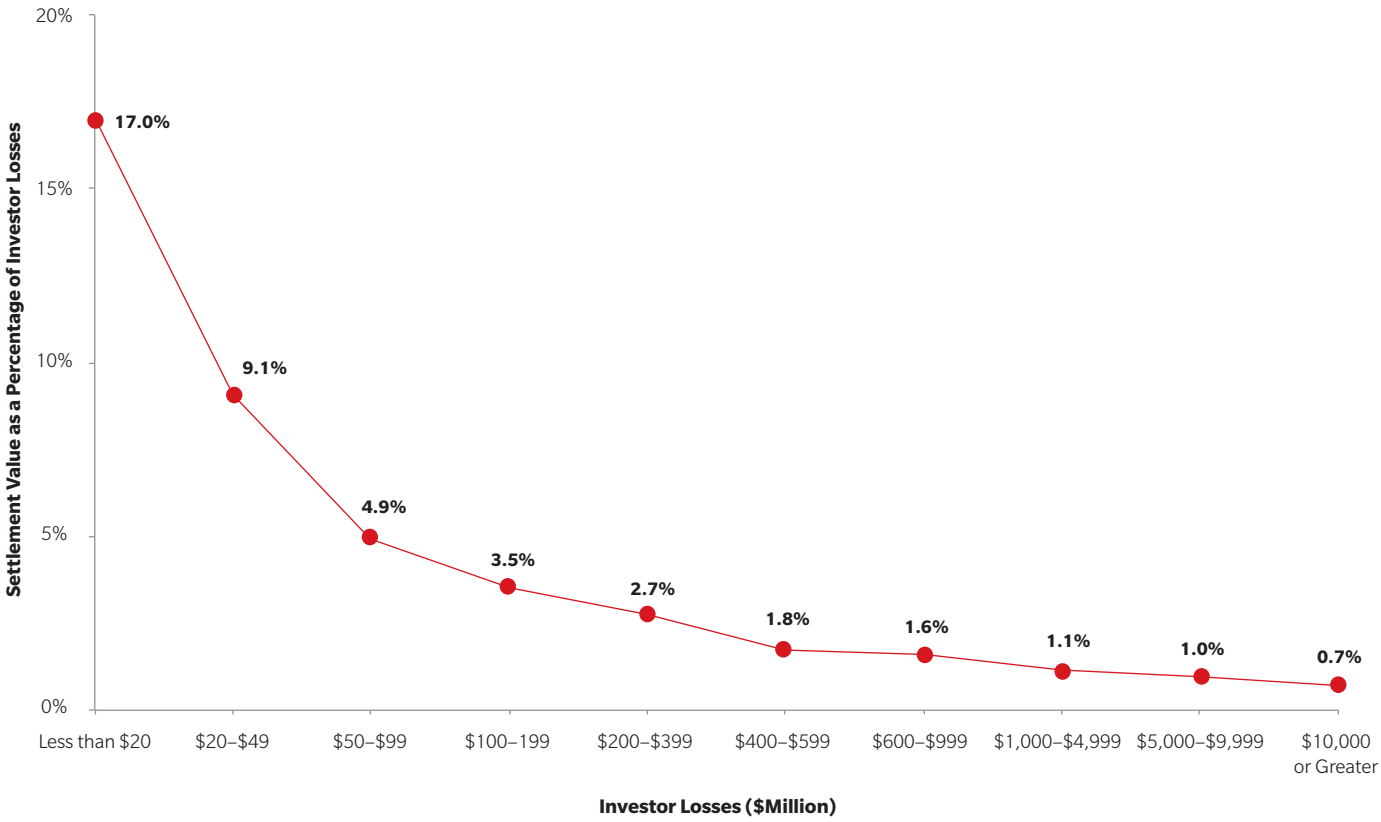
Investor Losses Versus Settlements

As noted above, our investor losses variable is a proxy for the aggregate amount that investors lost from buying the defendant's stock rather than investing in the broader market during the alleged class period.

In general, settlement sizes grow as investor losses grow, but the relationship is not linear. Settlement size grows less than proportionately with investor losses, based on analysis of data from 1996 to 2012. Small cases typically settle for a higher fraction of investor losses (i.e., more cents on the dollar) than larger cases. For example, the median settlement for cases with investor losses of less than $20 million has been 17% of the investor losses, while the median settlement for cases with investor losses over $1 billion has been 0.7% of the investor losses. See Figure 29. Our findings on the ratio of settlement to investor losses should not be interpreted as the share of damages recovered in settlement but rather as the recovery compared to a rough measure of the "size" of the case.

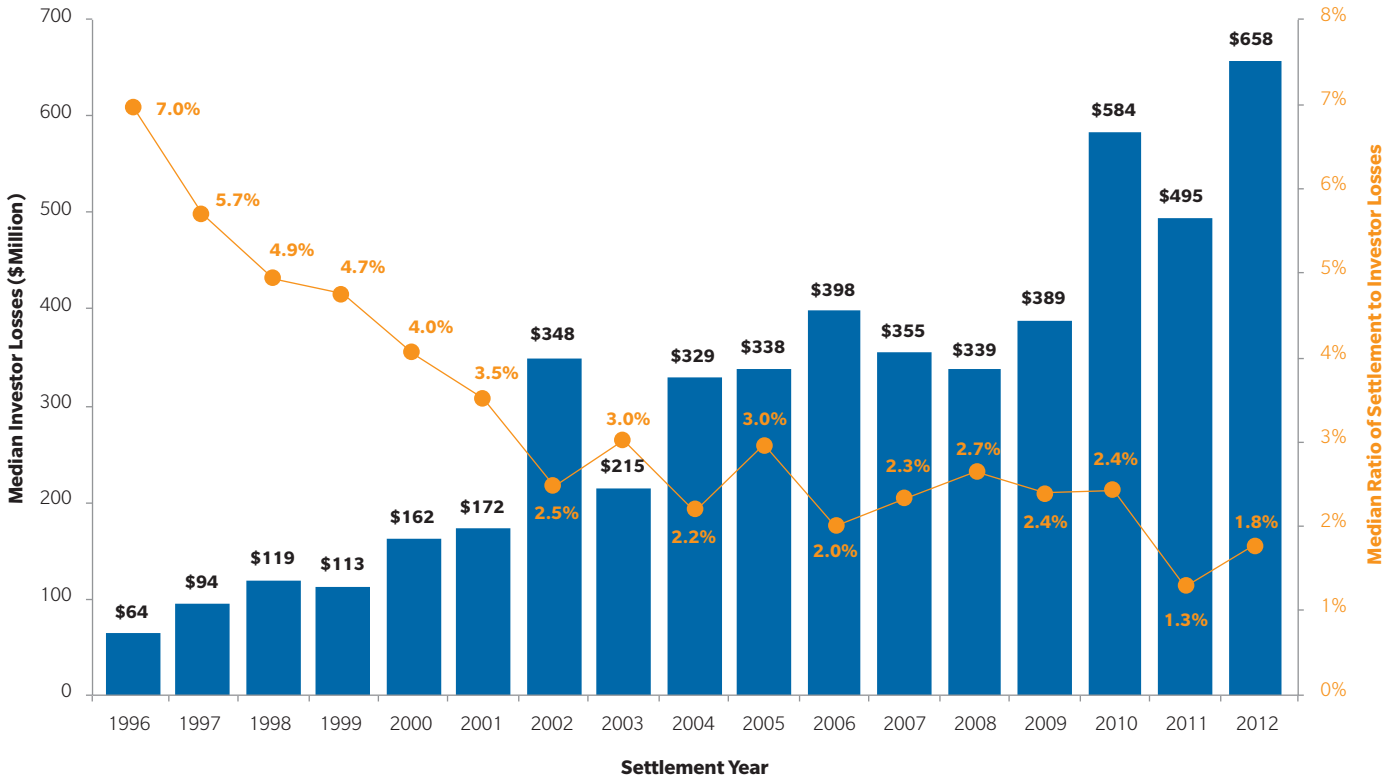
We also computed the median ratios of settlements to investor losses for 2010 to 2012 to see if the relationship between investor losses and settlements had changed in recent years. We found the 2010-2012 pattern to be very similar to that shown in the Figure.

Figure 29. **Median of Settlement Value as a Percentage of Investor Losses**
By Level of Investor Losses; January 1996 – December 2012



Median investor losses for settled cases have been steadily increasing since the passage of the PSLRA. As just described, the median ratio of settlement to investor losses decreases as investor losses increase. Indeed, the increase in median investor losses over time translated to a decrease of the median ratio of settlement to investor losses. In 2012, the ratio was 1.8%. See Figure 30.

Figure 30. **Median Investor Losses and Median Ratio of Settlement to Investor Losses**
By Settlement Year; January 1996 – December 2012



Note: Settlements exclude IPO laddering and merger objection cases.

Plaintiffs' Attorneys' Fees and Expenses

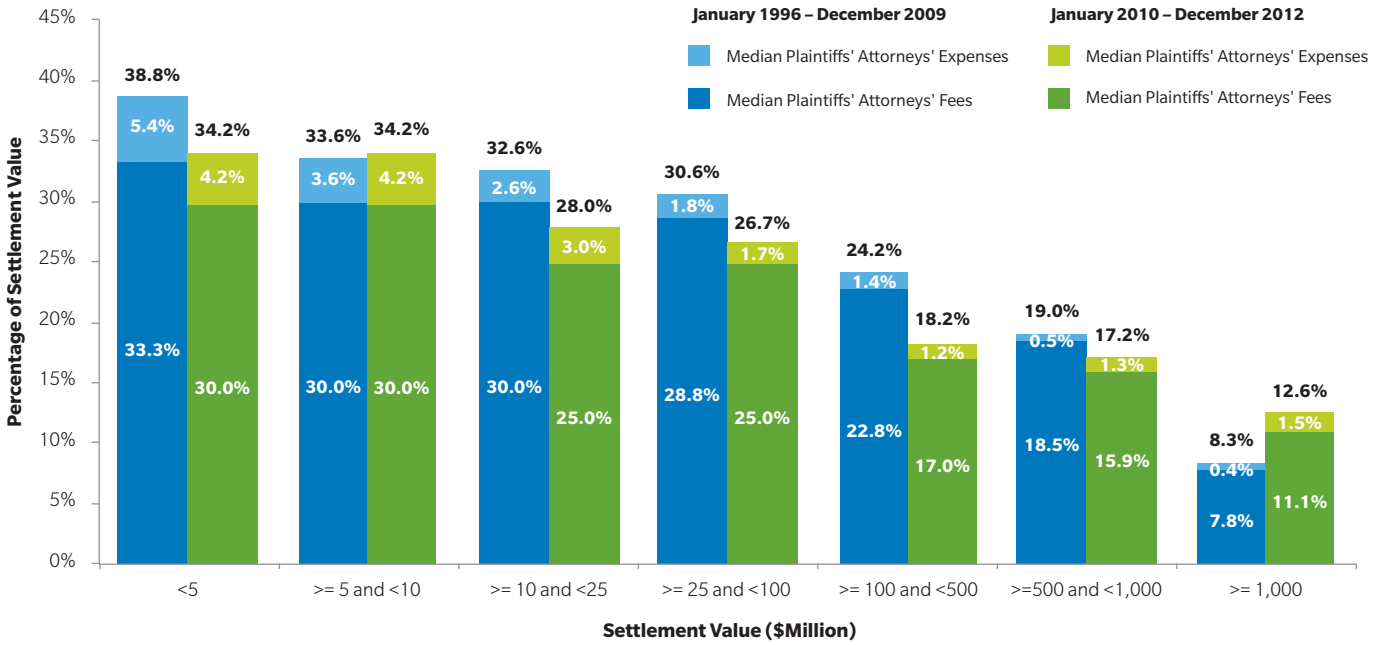
Usually, plaintiffs' attorneys' remuneration is awarded as a fraction of any settlement amount in the form of fees plus expenses. Figure 31 depicts plaintiffs' attorneys' fees and expenses as a proportion of settlement values.[19] The data shown in this Figure exclude merger objection cases.

Typically, fees and expenses grow with settlement size but less than proportionally, i.e., the percentage fees and percentage expenses shrink as the settlement size grows. Here, we describe the patterns taking the period 2010–2012 as an example. For settlements below $5 million, median fees and expenses represented 34.2% of the settlement. This percentage falls with settlement size, reaching 12.6% for settlements above $1 billion.

To highlight trends over time, we show side-by-side the median proportions of fees and expenses for the period 1996–2009 and those for the period 2010–2012. Over the period 2010–2012, fees have declined markedly compared to 1996–2009, at least for most settlement size ranges. An exception is fees on settlements above $1 billion, but there are only two such settlements in the later period.

Another classification of fees that may be informative is the following: taking all cases that settled in the period 1996–2012, the vast majority of those settling for less than $100 million are associated with a fee percentage of 25%, 30%, or 33%. For cases settling for more than $100 million, the fee percentages associated with them range very widely, with cases that settle for more than $500 million typically being associated with lower fee percentages.

Figure 31. **Median of Plaintiffs' Attorneys' Fees and Expenses As Percentage of Settlement Value**
January 1996 – December 2012

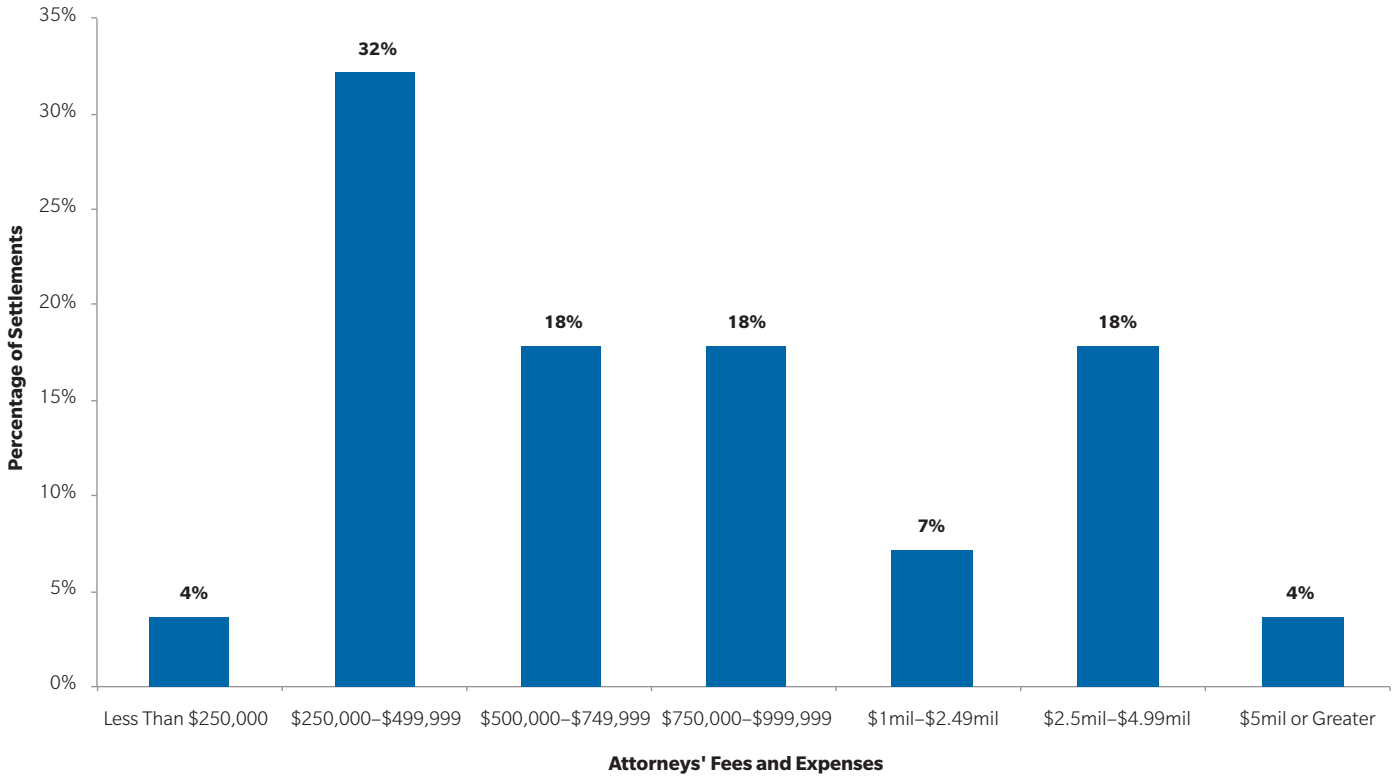


Note: Analysis excludes settlements with no cash payment to the class.

We report fees for federal merger objection cases separately, because merger objections often settle with no payment to investors. Many merger objection cases are voluntarily dismissed at the federal level because a parallel state action settled; these cases are excluded from Figure 32, below.

Of the cases that settled with no payment to investors, 72% had fees and expenses of less than $1 million.[20] See Figure 32.

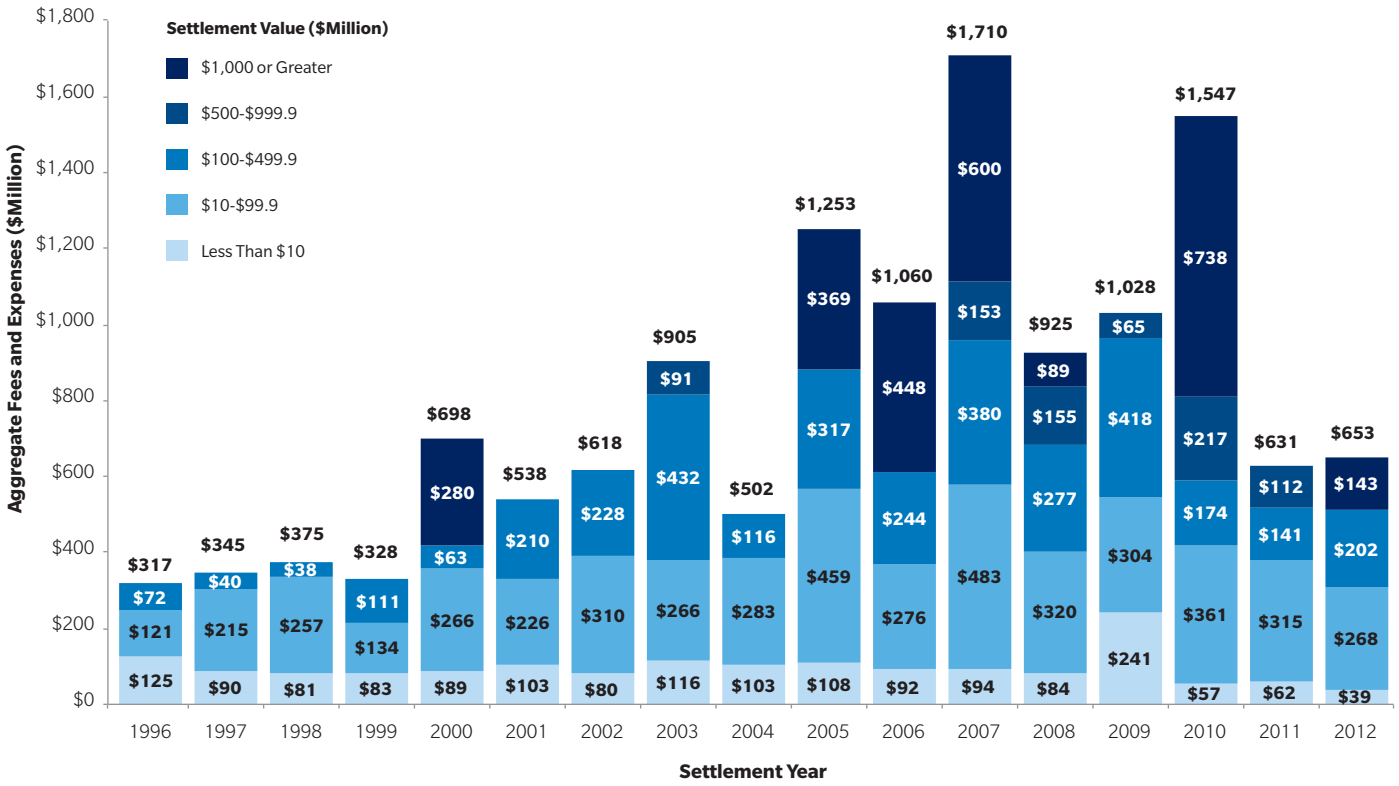
Figure 32. **Distribution of Plaintiffs' Attorneys' Fees and Expenses in Federal Merger Objection Settlements without Payment to Class**
Cases Filed and Settled; January 2005 – December 2012



Aggregate plaintiffs' attorneys' fees and expenses for all federal settlements were $653 million in 2012. This amount represents an increase of 4% compared to last year, but is well below the levels received in the period 2007-2010—even if the aggregate fees in that period corresponding to settlements exceeding $1 billion are excluded.

Although approximately half of the securities class actions that settle do so for less than $10 million, the aggregate plaintiffs' attorneys' fees and expenses for those settlements are a very small fraction of the total. See Figure 34. This finding is parallel to the finding, described above, that such cases make up a small fraction of total settlements.

Figure 33. **Aggregate Plaintiffs' Attorneys' Fees and Expenses by Settlement Size**
January 1996 – December 2012



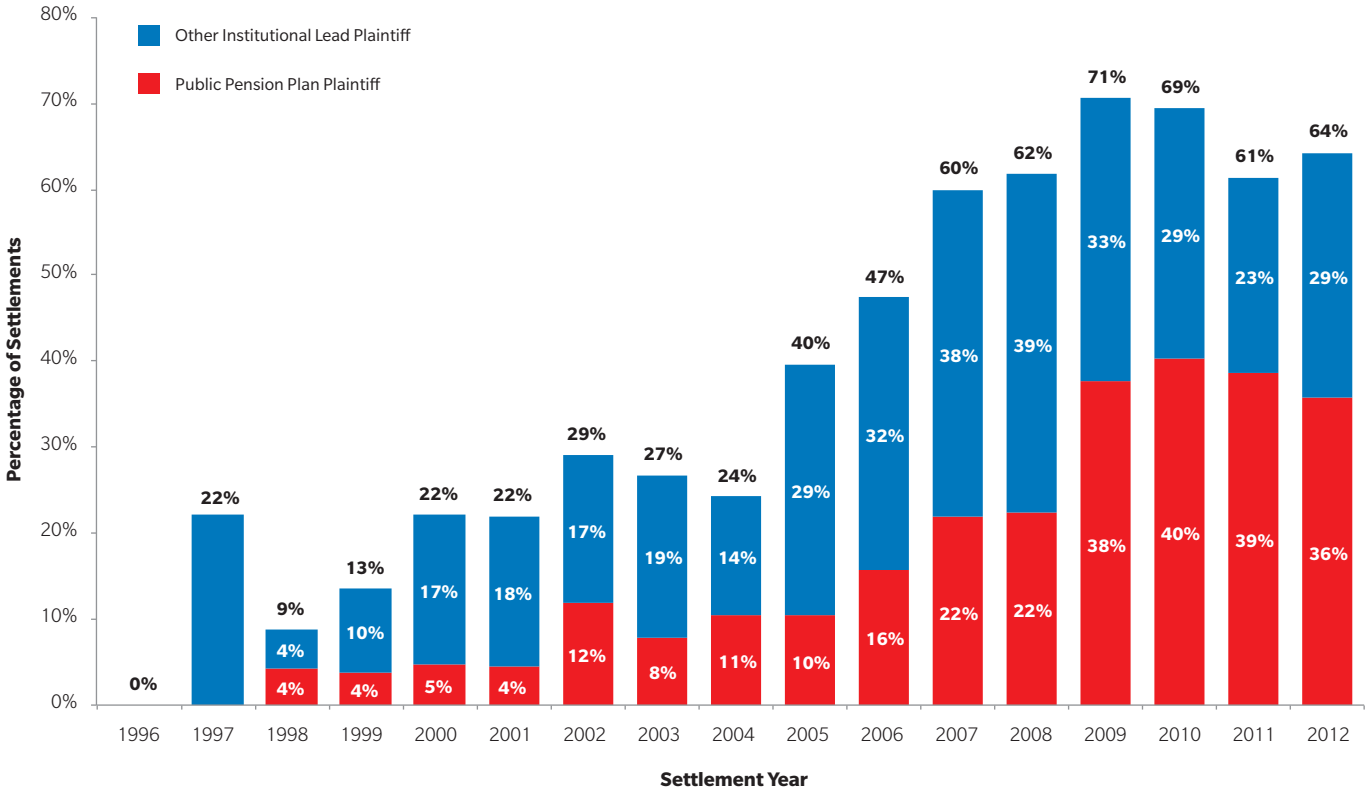
Note: Analysis excludes settlements with no cash payment to the class. If only fees or only expenses are known, they are included in the aggregate.

Characteristics of Settled Cases

Our research shows that securities class actions where the lead plaintiff is an institutional investor settle for more, even accounting for other factors, such as the size of investor losses. The same research also shows that when the institutional lead plaintiff is a public pension fund, settlements tend to be even larger.

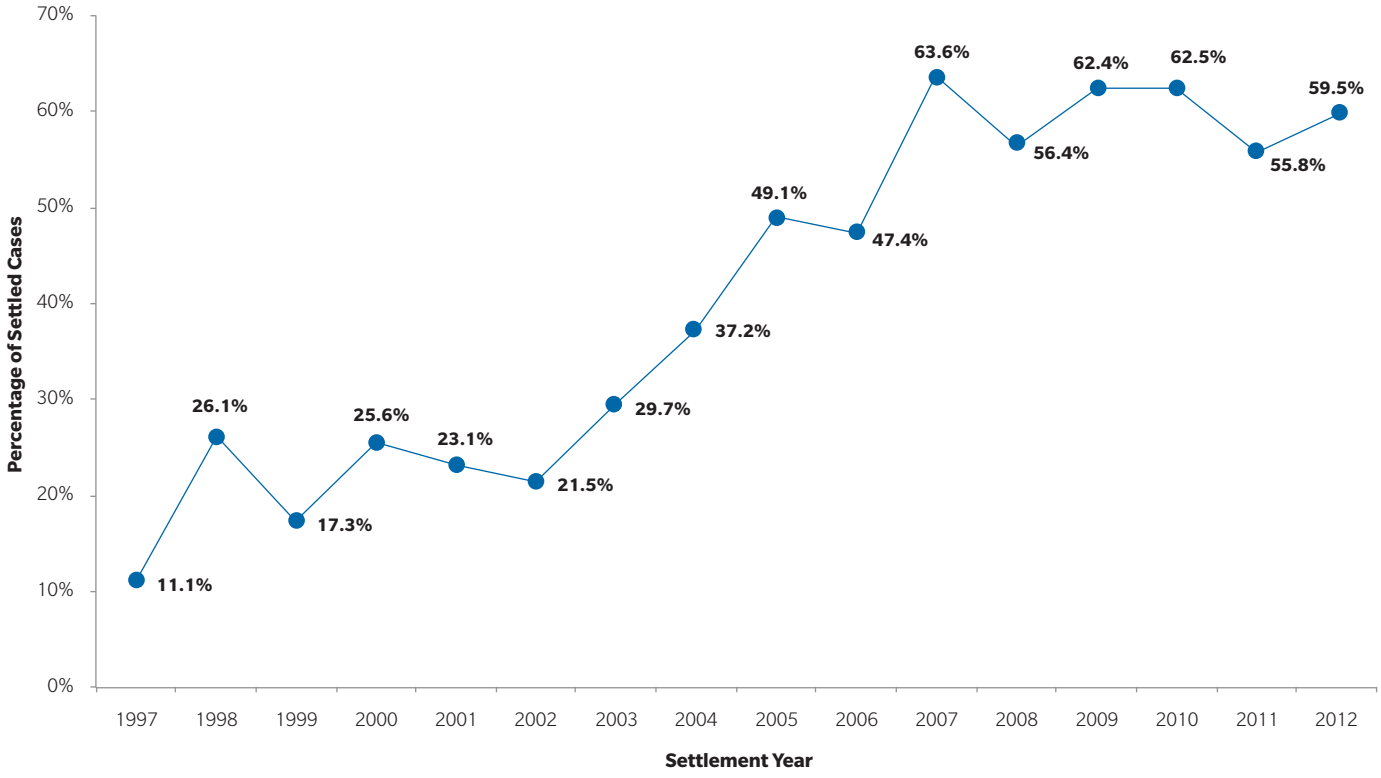
In 2012, 64% of securities class actions had an institutional lead plaintiff; which is slightly above 2011's percentage and slightly below the 2009 peak of 71%. See Figure 35 for more detail on institutional and public pension fund lead plaintiffs.

Figure 34. **Percentage of Settlements with an Institutional Lead Plaintiff**
Cases Filed and Settled; January 1996 – December 2012



Securities class actions are sometimes accompanied by derivative actions based on similar or identical allegations. The prevalence of these "tag along" derivative actions has been increasing over the last 10 years, and they were filed in 60% of the securities class actions that settled in 2012. Our research has found that the presence of a derivative action is associated with larger settlements for investors in the class action.

Figure 35. **Percentage of Settled Cases with a Parallel Derivative Action**
Cases Filed and Settled; January 1996 – December 2012



Note: 1996 not graphed. One case was filed and settled that year and it had a derivative action.

Trials

Very few securities class actions reach the trial stage and even fewer reach a verdict. Of the 3,988 class actions filed since the PSLRA, only 20 went to trial and only 14 of them reached a verdict.[21] Table 2 summarizes trial outcomes and, when applicable, outcome of the appeals.

Table 2. **Post-PSLRA Securities Class Actions That Went to Trial**
As of December 31, 2012

Case Name (1)	Federal Circuit (2)	File Year (3)	Trial Start Year (4)	Verdict (5)	Appeal and Post-Trial Proceedings: Date of Last Decision (6)	Appeal and Post-Trial Proceedings: Outcome (7)
Verdict or Judgment Reached						
In re Health Management, Inc. Securities Litigation	2	1996	1999	Verdict in favor of defendants	2000	Settled during appeal
Koppel, et al v. 4987 Corporation, et al	2	1996	2000	Verdict in favor of defendants	2002	Judgment of the District Court in favor of defendants was affirmed on appeal
In re JDS Uniphase Corporation Securities Litigation	9	2002	2007	Verdict in favor of defendants		
Joseph J Milkowski v. Thane Intl Inc, et al	9	2003	2005	Verdict in favor of defendants	2010	Judgment of the District Court in favor of defendants was affirmed on appeal
In re American Mutual Funds Fee Litigation	9	2004	2009	Judgment in favor of defendants	2011	Judgment of the District Court in favor of defendants was affirmed on appeal
Claghorn, et al v. EDSACO, Ltd., et al	9	1998	2002	Verdict in favor of plaintiffs	2002	Settled after verdict
In re Real Estate Associates Limited Partnership Litigation	9	1998	2002	Verdict in favor of plaintiffs	2003	Settled during appeal
In re Homestore.com, Inc. Securities Litigation	9	2001	2011	Verdict in favor of plaintiffs		
In re Apollo Group, Inc. Securities Litigation	9	2004	2007	Verdict in favor of plaintiffs	2012	Judgment of the District Court in favor of defendants was overturned and jury verdict reinstated on appeal; case settled thereafter
In re BankAtlantic Bancorp, Inc. Securities Litigation	11	2007	2010	Verdict in favor of plaintiffs	2012	Judgment of the District Court in favor of defendants was affirmed on appeal
In re Clarent Corporation Securities Litigation	9	2001	2005	Mixed verdict		
In re Vivendi Universal, S.A. Securities Litigation	2	2002	2009	Mixed verdict		
Jaffe v. Household Intl Inc, et al	7	2002	2009	Mixed verdict		
In re Equisure, Inc. Sec, et al v., et al	8	1997	1998	Default judgment		
Settled with at Least Some Defendants before Verdict						
Goldberg, et al v. First Union National, et al	11	2000	2003	Settled before verdict		
In re AT&T Corporation Securities Litigation	3	2000	2004	Settled before verdict		
In re Safety Kleen, et al v. Bondholders Litigati, et al	4	2000	2005	Partially settled before verdict, default judgment		
White v. Heartland High-Yield, et al	7	2000	2005	Settled before verdict		
In re Globalstar Securities Litigation	2	2001	2005	Settled before verdict		
In re WorldCom, Inc. Securities Litigation	2	2002	2005	Settled before verdict		

Note: Data are from case dockets.

Notes

1 This edition of NERA's research on recent trends in securities class action litigation expands on previous work by our colleagues Lucy Allen, Elaine Buckberg, the late Frederick C. Dunbar, Todd Foster, Vinita M. Juneja, Denise Neumann Martin, Jordan Milev, John Montgomery, Robert Patton, Stephanie Plancich, and David I. Tabak. We gratefully acknowledge their contribution to previous editions as well as this current version. The authors also thank Denise Martin for helpful comments on this version. In addition, we thank Carlos Soto, Nicole Roman, and other researchers in NERA's Securities and Finance Practice for their valuable assistance with this paper. These individuals receive credit for improving this paper; all errors and omissions are ours. Data for this report are collected from multiple sources, including RiskMetrics Group/Securities Class Action Services (SCAS), complaints, case dockets, Dow Jones Factiva, Bloomberg Finance L.P., FactSet Research Systems, Inc., SEC filings, and the public press.

2 NERA tracks class actions filed in federal courts that involve securities. Most of these cases allege violations of federal securities laws; others allege violation of common law, including breach of fiduciary duty as with some of the merger objection cases and some cases on managerial compensation; still others are filed in US federal court under foreign law or are removed to federal court through CAFA. If multiple such actions are filed against the same defendant, are related to the same allegations, and are in the same circuit, we treat them as a single filing. However, multiple actions filed in different circuits are treated as separate filings. If cases filed in different circuits are consolidated, we revise our count to reflect that consolidation. Therefore, our count for a particular year may change over time. Different assumptions for consolidating filings would likely lead to counts that are directionally similar but may, in certain circumstances, lead observers to draw a different conclusion about short-term trends in filings.

3 We have classified cases as credit crisis-related based on the allegations in the complaint. The category includes cases with allegations related to subprime mortgages, mortgage-backed securities, and auction-rate securities, as well as some other cases alleged to involve the credit crisis. Our categorization is intended to provide a useful picture of trends in litigation but is not based on detailed analysis of any particular case.

4 *Rentokil-Initial Pension Scheme v. Citigroup Inc., et al.*

5 For all countries other than China, we use the country of domicile for the issuing company. Many of the defendant Chinese companies, however, obtained their US listing through a reverse merger and, consequently, report a US domicile. For this reason, the Chinese counts also include companies with their principal executive offices in China.

6 See, for example, www.sec.gov/news/press/2011/2011-235.htm.

7 See, for example: Chu, K. (2012, December 6). As Listings Declined, Exchanges Hit the Road. *The Wall Street Journal Online*.

8 Note that in Figure 10 the percentages of federal cases in which financial institutions are named as defendants is computed on the basis of the first available complaint.

9 In past editions of *Trends*, we considered later complaints in analyzing accounting codefendants.

10 Cases for which investor losses are not calculated are excluded. The largest excluded groups are the IPO laddering cases and the merger objection cases.

11 It is possible that there are some cases that we have categorized as resolved that are or will in future be subject to appeal.

12 These are cases in which the language of the docket or decision referred to the motion being granted in its entirety or simply "granted", but not cases in which the motion was explicitly granted without prejudice.

13 These figures based on settled cases correspond to the figures reported in our mid-year review.

14 "Dynamic Litigation Analysis: Predicting Securities Class Action Settlements as a Case Evolves," Dr. Ronald I. Miller, NERA white paper, January 2013.

15 Unless otherwise noted, tentative settlements (those yet to receive court approval) and partial settlements (those covering some but not all non-dismissed defendants) are not included in our settlement statistics. We define "settlement year" as the year of the first court hearing related to the fairness of the entire settlement or the last partial settlement.

16 The dismissal rates shown here do not include resolutions for IPO laddering cases, merger objection cases, or cases with trial verdicts.

17 When a dismissal is reversed, we update our counts.

18 A different mega settlement is included in the 2012 analysis, the $1 billion settlement of AIG. Its inclusion is pursuant to our protocol of including cases with multiple partial settlements on the year of their latest partial settlement.

19 The settlement values that we report include plaintiffs' attorneys' fees and expenses in addition to the amounts ultimately paid to the class.

20 This percentage is computed for settlements for which fee information was available.

21 In past editions of "Trends" we had reported all class actions that went to trial after the PSLRA, including those that were filed before the PSLRA.

About NERA

NERA Economic Consulting (**www.nera.com**) is a global firm of experts dedicated to applying economic, finance, and quantitative principles to complex business and legal challenges. For over half a century, NERA's economists have been creating strategies, studies, reports, expert testimony, and policy recommendations for government authorities and the world's leading law firms and corporations. We bring academic rigor, objectivity, and real world industry experience to bear on issues arising from competition, regulation, public policy, strategy, finance, and litigation.

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EXHIBIT 9

CORNERSTONE RESEARCH
ECONOMIC AND FINANCIAL CONSULTING AND EXPERT TESTIMONY

Securities Class Action Settlements

2012 Review and Analysis

Ellen M. Ryan
Laura E. Simmons

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TABLE OF CONTENTS

KEY FINDINGS

In this report, we explore underlying causes and implications of the findings summarized below and discuss additional observations related to securities class action settlements in 2012. We also introduce new analyses related to the stage to which the litigation had progressed at the time of settlement.

- Fourteen-year low in the number of settlements approved (page 2)
- Total settlement dollars increased by more than 100 percent from 2011 due in part to an increased number of "mega-settlements" (settlements in excess of $100 million) (page 2)
- Mega-settlements accounted for nearly 75 percent of all settlement dollars in 2012—the highest proportion in the last five years (page 4)
- Median "estimated damages," a simplified measure of damages that is the single most important factor in determining settlement amounts, at an all-time high among post–Reform Act settlements (page 7)
- Settlement amounts in relation to "estimated damages" at a post–Reform Act low (page 8)
- Cases progressing to more advanced litigation stages settle for higher dollar amounts (page 9)
- The proportion of settlements involving a public pension plan as lead plaintiff continues to increase, reaching almost 50 percent in 2012 (page 14)

RESEARCH SAMPLE

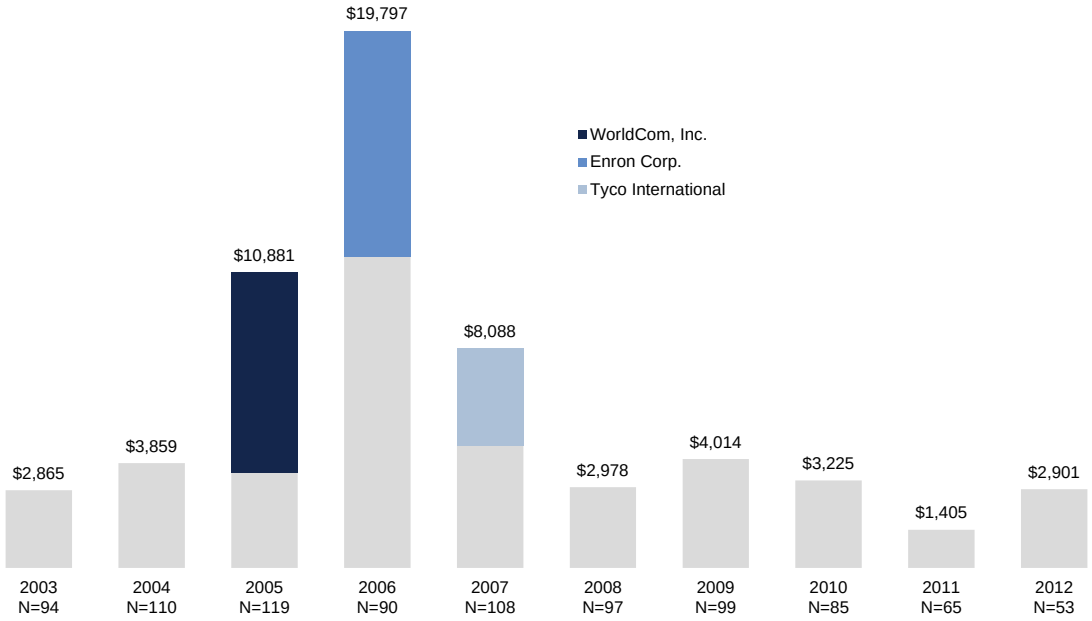
Our database focuses on cases alleging fraudulent inflation in the price of a corporation's common stock (i.e., excluding cases with alleged classes of only bondholders, preferred stockholders, etc., and excluding cases alleging fraudulent depression in price). Our sample is limited to cases alleging Rule 10b-5, Section 11, and/or Section 12(a)(2) claims brought by purchasers of a corporation's common stock. These criteria are imposed to ensure data availability and to provide a relatively homogeneous set of cases in terms of the nature of the allegations. Our current sample includes 1,325 securities class actions filed after passage of the Reform Act (1995) and settled from 1996 through 2012. These settlements are identified based on a review of case activity collected by Securities Class Action Services, LLC (SCAS).[1] The designated settlement year, for purposes of our study, corresponds to the year in which the hearing to approve the settlement was held.[2] Cases involving multiple settlements are reflected in the year of the most recent partial settlement, provided certain conditions are met.[3]

2012 REVIEW AND ANALYSIS

For 2012, we report 53 court-approved settlements, representing a 14-year low in the number of settlements. Since cases historically have taken several years to reach settlement, the decline in the number of settlements in 2012 may be due in part to the relatively low number of securities class actions filed in 2009 and 2010 (e.g., an average of approximately 148 cases per year during those two years compared with an average of approximately 200 cases filed per year during 2007 and 2008).[4]

Despite the decrease in the number of cases settled, total settlement dollars increased by more than 100 percent in 2012 from 2011 (Figure 1). This was due in large part to a number of mega-settlements (settlements in excess of $100 million) with settlement hearing dates in 2012.

FIGURE 1: TOTAL SETTLEMENT AMOUNTS
2003–2012
Dollars in Millions



Settlement dollars adjusted for inflation; 2012 dollar equivalent figures used.

Reversing the decrease observed in 2011, the median settlement amount increased from $5.9 million (the inflation-adjusted 2011 median) to $10.2 million in 2012—an increase of more than 70 percent (Figure 2).

The average reported settlement amount also dramatically increased in 2012 from the prior year. This increase was in excess of 150 percent (from the inflation-adjusted amount of $21.6 million in 2011 to $54.7 million in 2012). Excluding the top three post–Reform Act settlements (WorldCom, Enron, and Tyco), the average settlement amount of $54.7 million in 2012 is well above the historical average of $36.8 million.

FIGURE 2: SETTLEMENT SUMMARY STATISTICS

Dollars in Millions

	2012	1996–2011	Excluding Top Three Settlements 1996–2011
Minimum	$0.5	$0.1	$0.1
Median	$10.2	$8.3	$8.1
Average	$54.7	$55.2	$36.8
Maximum	$822.6	$8,325.1	$2,878.5
Total Amount	$2,901.5	$70,181.0	$46,687.6

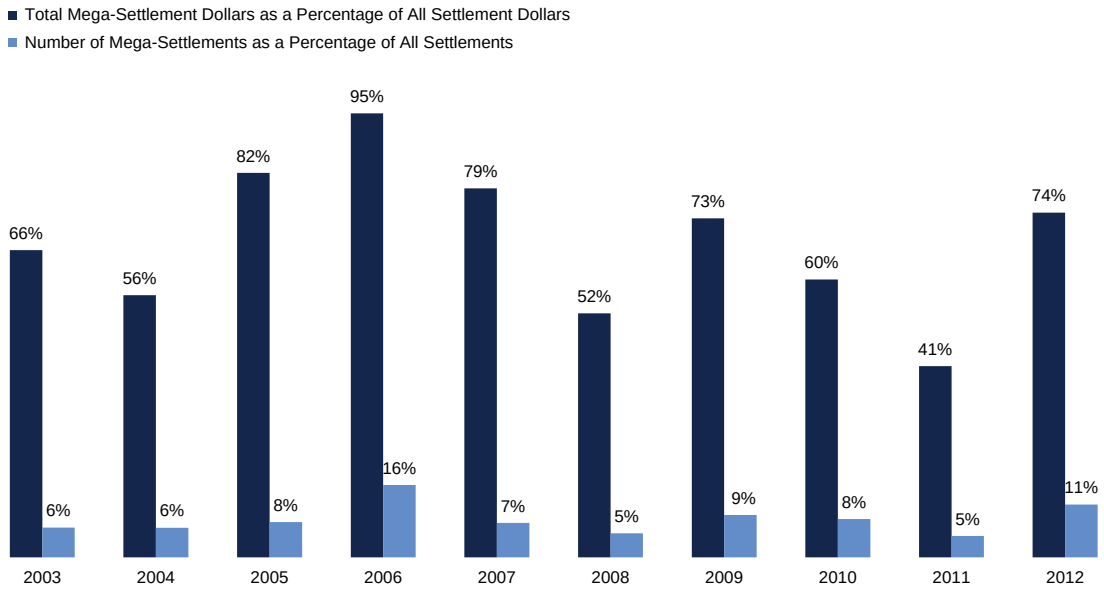
Settlement dollars adjusted for inflation; 2012 dollar equivalent figures used.

MEGA-SETTLEMENTS

Mega-settlements (settlements in excess of $100 million) accounted for nearly 75 percent of all settlement dollars in 2012—the highest proportion in the last five years (Figure 3). The number of mega-settlements has fluctuated substantially over time—for example, there were 14 such settlements in 2006, three in 2011, and six in 2012.

The average settlement dollar amount among 2012 mega-settlement cases increased more than 90 percent from the 2011 mega-settlement average, further contributing to the increase in the combined total dollar value of 2012 settlements.

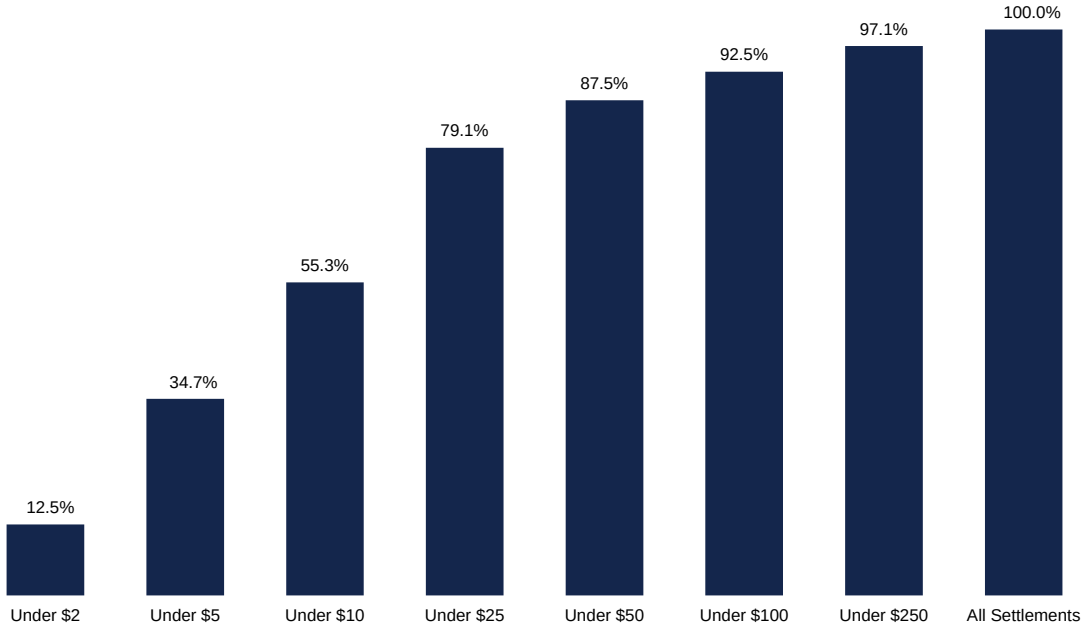
FIGURE 3: MEGA-SETTLEMENTS



SETTLEMENT SIZE

More than half of post–Reform Act cases that have reached a settlement have settled for less than $10 million. However, in 2012, fewer than 50 percent of settlements were less than $10 million, reflecting a possible shift in the typical case size. Despite the publicity that often accompanies mega-settlements, relatively few cases have settled for more than $100 million (fewer than 8 percent) (Figure 4).

FIGURE 4: CUMULATIVE DISTRIBUTION OF SETTLEMENT AMOUNTS
1996–2012
Dollars in Millions



Settlement dollars adjusted for inflation; 2012 dollar equivalent figures used.

Using publicly available information from settlement materials and issuer filings,[5] we observed that less than 60 percent of settlements in 2012 were funded entirely by Directors and Officers (D&O) insurance proceeds, compared with almost 80 percent in 2011. This apparent decrease in the proportion of settlement amounts covered by D&O insurance policies may be due to the higher settlement amounts that occurred in 2012.

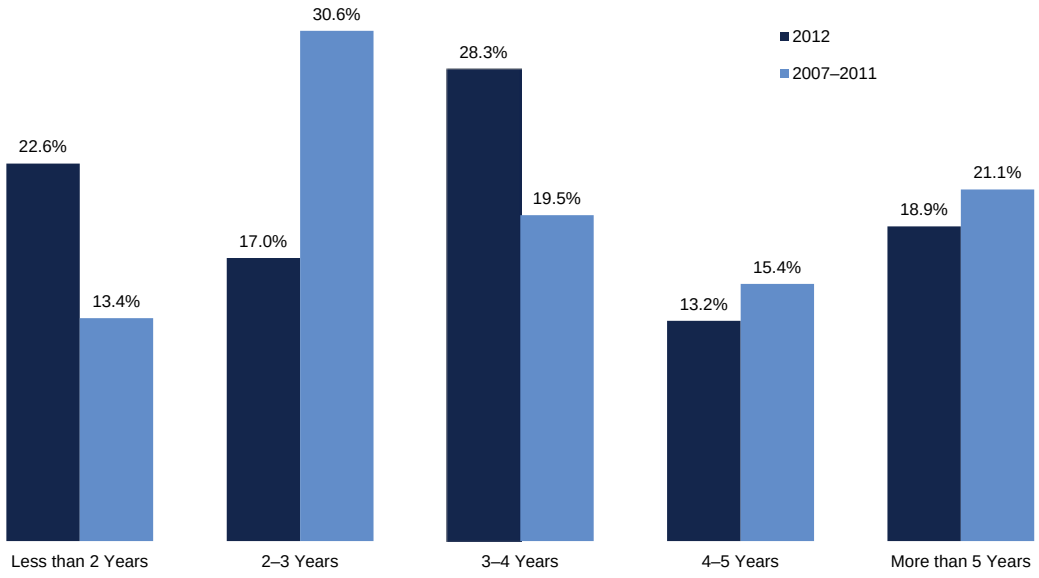
TIME TO SETTLEMENT

For cases settled in recent years (2007–2011), the median time to reach settlement was 3.3 years. In 2012, there was a substantial increase in the proportion of cases settling within two years of the filing date (Figure 5). Of the cases that settled in 2012 within two years of filing, the median asset size for these issuer defendant firms was approximately $175 million compared with median assets of more than $2.5 billion for the rest of the sample. The median settlement amount for cases settling within two years of the filing date was only $2.9 million compared with a median of $18 million for cases settling after two years.

Not only was there a decrease in the time from filing to settlement for a subset of 2012 cases, but cases settling in 2012 moved through the court system somewhat more quickly once tentative settlements were publicly announced. Specifically, public announcements of preliminary settlements are often made in the media well in advance of the actual hearing to approve the settlement. In 2012, on average, more than half of the cases were heard in court within six months of a public announcement of settlement terms—up nearly 10 percent from the average speed at which 2011 settlements were heard.

Overall, larger cases tend to take longer to reach settlement. Not surprisingly, these larger cases may be more complex to litigate as evidenced by the average number of docket entries. In 2012, the average number of docket entries for cases settled within two years of the filing date was 112; the average number of docket entries for cases settling within three to four years was almost double this figure.

FIGURE 5: DURATION FROM FILING DATE TO SETTLEMENT HEARING DATE



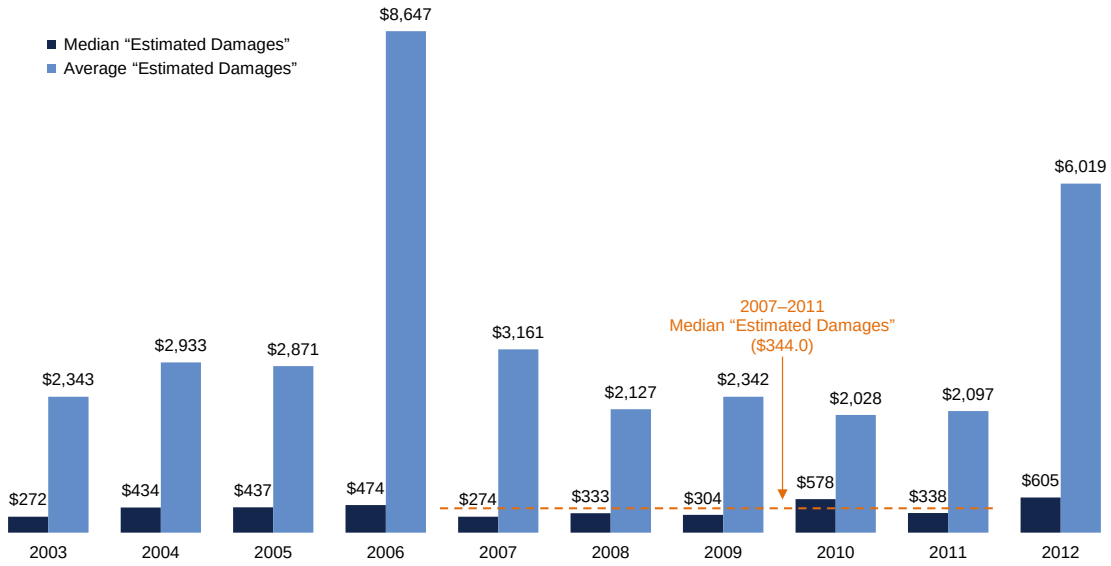
Litigation stage at the time of settlement is also closely tied to the duration of the case. Among all post-Reform Act settlements, we found that 28 percent of cases settled prior to a ruling on motion to dismiss, 64 percent settled after a ruling on a motion to dismiss but prior to a ruling on motion for summary judgment, and approximately 7 percent settled after a ruling on motion for summary judgment.[6] On average, these cases took 2.3 years, 3.5 years, and 4.9 years, respectively, to reach settlement. Further discussion of litigation stage attributes can be found on page 9.

SETTLEMENTS AND DAMAGES ESTIMATES

As we have noted in prior reports, a measure of shareholder losses is the single most important factor in determining settlement amounts. For purposes of our research, we use a highly simplified approach to calculate these losses, which we refer to as "estimated damages." This measure is based on a modified version of a calculation method historically used by plaintiffs in securities class actions.[7] We make no attempt to link these simplified calculations of shareholder losses to the allegations included in the associated court pleadings. Accordingly, we do not intend for any damages estimates presented in this report to be indicative of actual economic damages borne by shareholders. Various models and alternative calculations could be used to assess defendants' potential exposure in securities class actions, but our application of a consistent method allows us to identify and examine trends.[8]

While median "estimated damages" decreased substantially for settlements in 2011 from 2010, we observed a nearly 80 percent year-over-year increase in median "estimated damages" in 2012. In fact, the median "estimated damages" for 2012 is an all-time high among post–Reform Act settlements. Since "estimated damages" is the most important factor in determining settlement amounts, this increase was the major contributor to the higher settlement amounts in 2012 (Figure 6).

FIGURE 6: MEDIAN AND AVERAGE "ESTIMATED DAMAGES"
2003–2012
Dollars in Millions

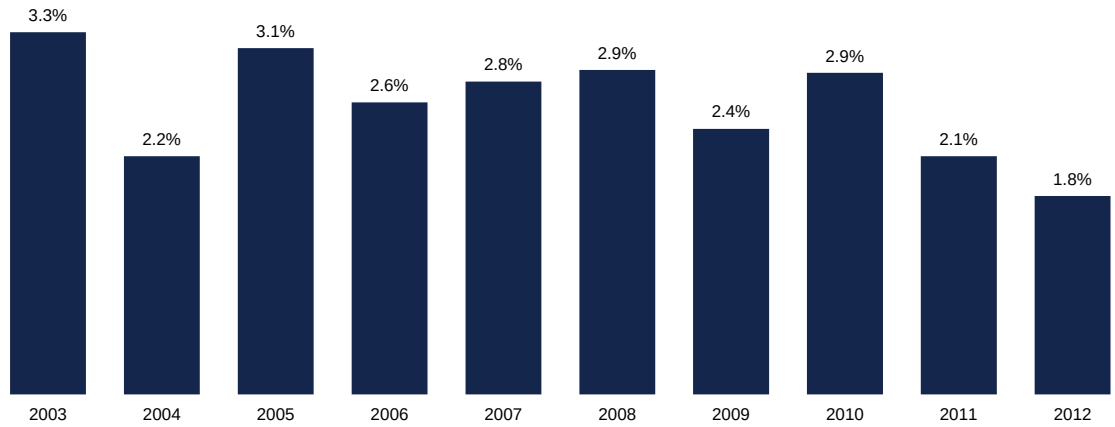


"Estimated damages" are adjusted for inflation based on class period end dates.

Average "estimated damages" for 2012 reached a six-year high and was the second highest average in the post–Reform Act era. This increase was driven by a number of extremely large cases, a significant portion of which were related to the credit crisis.

In 2012, the median settlement as a percentage of "estimated damages" was substantially lower than for earlier post–Reform Act settlements. In fact, the median of 1.8 percent for cases settled in 2012 was a historic low among all post–Reform Act years (Figure 7). Credit-crisis cases, as well as an increase in mega-settlements, which have traditionally settled for a smaller proportion of "estimated damages," are contributing factors.

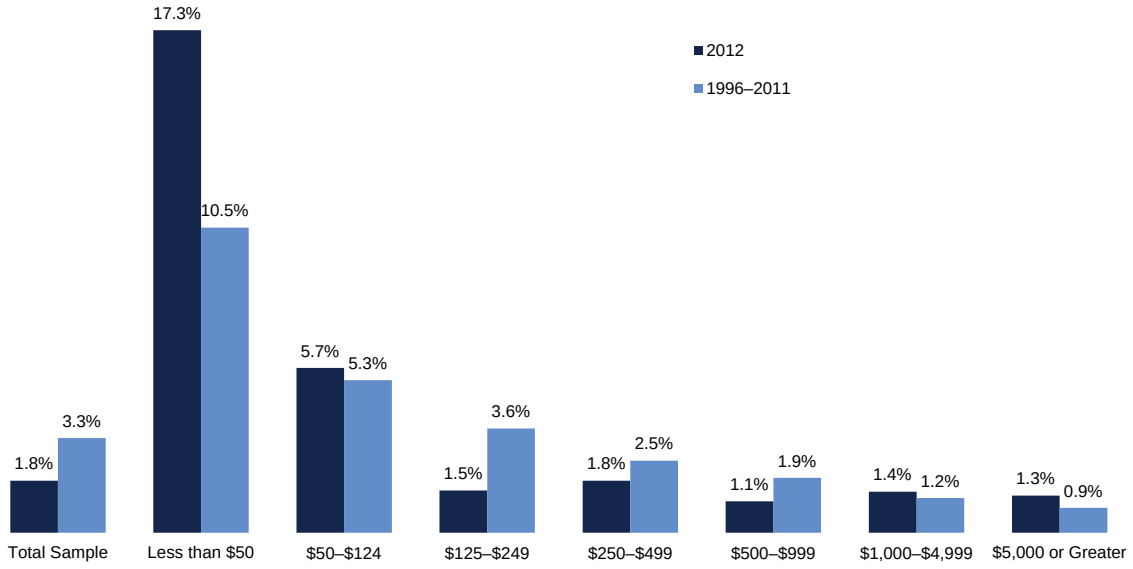
FIGURE 7: MEDIAN SETTLEMENTS AS A PERCENTAGE OF "ESTIMATED DAMAGES" BY YEAR
2003–2012



Settlement amounts generally increase as "estimated damages" increase; however, settlements as a percentage of "estimated damages" typically decrease as "estimated damages" increase. In 2012, in cases with "estimated damages" of less than $50 million, the median settlement amount as a percentage of "estimated damages" was 17.3 percent, whereas the median was 1.3 percent for cases with "estimated damages" in excess of $5 billion (Figure 8).

FIGURE 8: MEDIAN SETTLEMENTS AS A PERCENTAGE OF "ESTIMATED DAMAGES" BY DAMAGES RANGES

Dollars in Millions



LITIGATION STAGE

This year we introduce analyses related to the stage to which the litigation had progressed at the time of settlement. We study three stages: Stage 1—settlement prior to a ruling on motion to dismiss; Stage 2—settlement after a ruling on motion to dismiss but prior to a ruling on motion for summary judgment; and Stage 3—settlement after a ruling on motion for summary judgment.

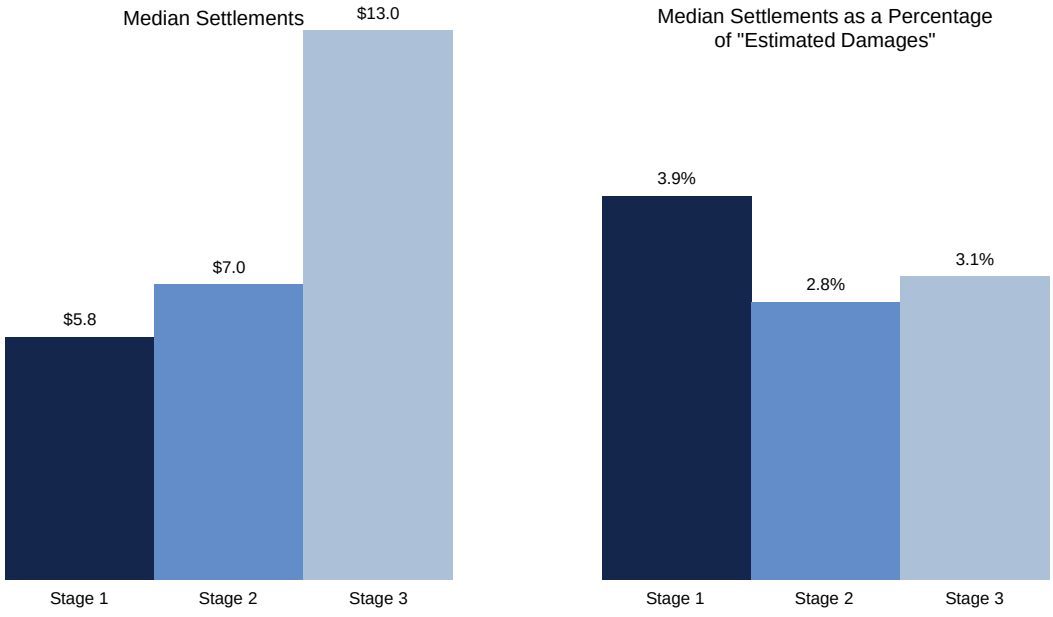
Settlement amounts are slightly higher for cases that progress to Stage 2 and substantially higher for cases that advance to Stage 3 (Figure 9). It might be expected that cases that progress to more advanced stages in the litigation process would settle for higher amounts either because the case may be more meritorious (having survived a motion to dismiss) or because plaintiff counsel have more invested in litigating these cases.

However, when considered in relation to "estimated damages," the positive relation between settlements and case progression is not supported. Specifically, cases settling in Stage 1 settled for the highest percentage of "estimated damages," and there was virtually no difference in the percentage between cases settling in Stage 2 versus Stage 3. These results are likely due in part to differences in the size of shareholder losses associated with cases settling at the different stages. The sample of cases reaching Stage 3 had median "estimated damages" more than two and a half times the median "estimated damages" of cases settling in Stage 1. In other words, larger cases (as measured by "estimated damages") tend to settle at more advanced stages of litigation. This is consistent with our previous observation that larger cases tend to take longer to reach settlement.

We have tested the relationship between settlement size and litigation stage using a regression model that simultaneously controls for many factors affecting settlement amounts. We find that settlement stage is highly correlated not only with case size, but also with other factors related to the complexity of the case.

FIGURE 9: MEDIAN SETTLEMENTS AS A PERCENTAGE OF "ESTIMATED DAMAGES" AND LITIGATION STAGE

Dollars in Millions



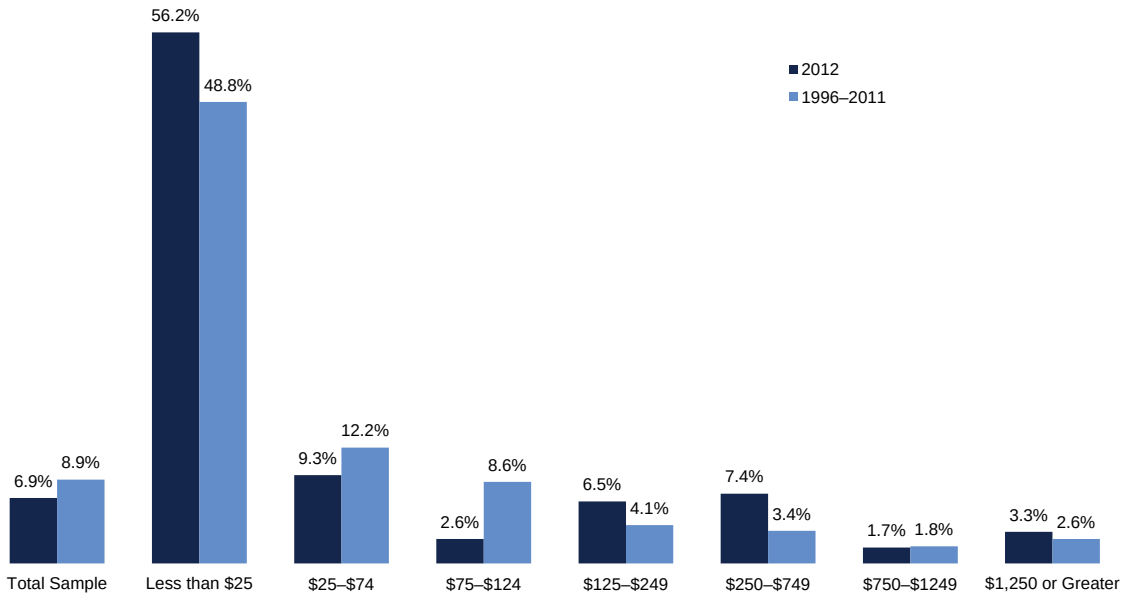
DISCLOSURE DOLLAR LOSS

Disclosure Dollar Loss (DDL) is another simplified measure of shareholder losses. DDL is calculated as the decline in the market capitalization of the defendant firm from the trading day immediately preceding the end of the class period to the trading day immediately following the end of the class period.[9] DDL captures the price reaction—using closing prices—of the disclosure that resulted in the first filed complaint. As in the case of "estimated damages," we do not attempt to link DDL to the allegations included in the associated court pleadings. This measure also does not incorporate additional stock price declines during the alleged class period that may affect certain purchasers' potential damages claims. Thus, as this measure does not isolate movements in the defendant's stock price that are related to case allegations, it is not intended to represent an estimate of damages.

The median DDL associated with settled cases in 2012 increased more than 60 percent from 2011, to $174 million. With settlements as a percentage of DDL declining as DDL increases, the relationship between settlements and DDL is similar to that between settlements and "estimated damages" (Figure 10).

FIGURE 10: MEDIAN SETTLEMENTS AS A PERCENTAGE OF DDL BY DDL RANGE

Dollars in Millions



ANALYSIS OF SETTLEMENT CHARACTERISTICS

In addition to "estimated damages" and DDL, there are a number of important determinants of settlement outcomes that we have identified from the more than 60 variables related to each case that we collected and analyzed as part of our research. We describe several of these factors below.

NATURE OF CLAIMS

A small portion of the settled cases involved only Section 11 and/or Section 12(a)(2) claims (i.e., they do not include Rule 10b-5 claims). Nearly half of these were settled in 2009 through 2011; however, there were only three of this case type among 2012 settlements. The decrease in cases alleging only Section 11 and/or Section 12(a)(2) claims is tied to the significant slowdown in the IPO market in 2008 and 2009. However, as has been widely reported, the U.S. IPO market has improved in recent years, and cases of this type may return to the mix of settlements over the next few years.[10]

The median settlement amount of $3.3 million for cases from 1996 through 2012 involving only Section 11 and/or Section 12(a)(2) claims was lower than the median settlement amount for cases involving Rule 10b-5 claims, while median settlements as a percentage of "estimated damages" were higher at 7.5 percent. "Estimated damages" tended to be smaller for cases involving only Section 11 claims, and therefore we expect these cases to have higher median settlement as a percentage of "estimated damages" compared with cases with only Rule 10b-5 claims (Figure 11).

For 2012 settlements, Section 11 claims were included in fewer cases (whether alone, or in conjunction with Rule 10b-5 claims) compared with recent years.

FIGURE 11: SETTLEMENTS BY NATURE OF CLAIM
1996–2012
Dollars in Millions

	Number of Cases	Median Settlement	Median Settlement as a Percentage of "Estimated Damages"
Section 11 and/or 12(a)(2) Only	71	$3.3	7.5%
Both Rule 10b-5 and Section 11 and/or 12(a)(2)	238	$11.0	3.5%
Rule 10b-5 Only	997	$6.8	2.9%
All Post–Reform Act Settlements	1,306	$7.0	3.2%

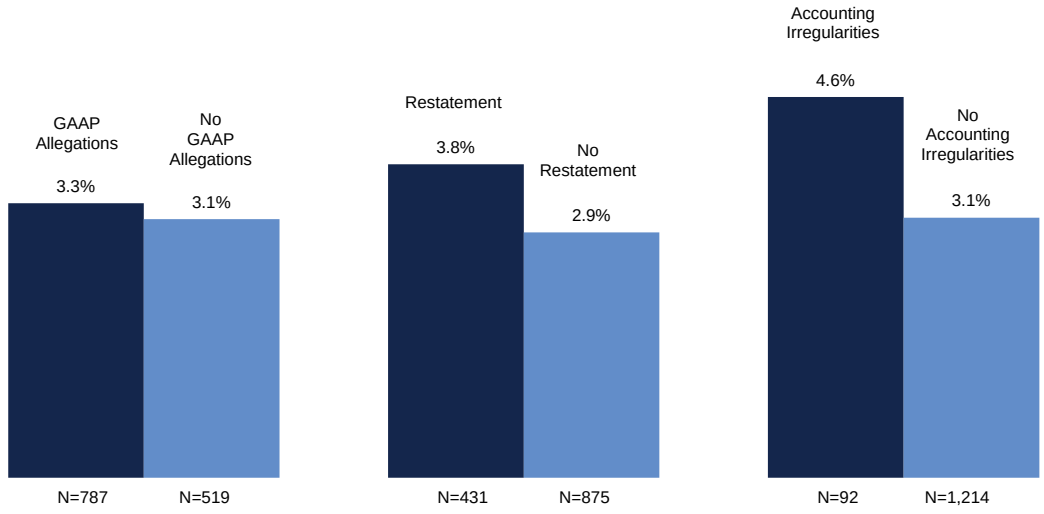
ACCOUNTING ALLEGATIONS

Accounting allegations play a central role in many securities class actions and are typically associated with higher settlement amounts, as well as higher settlements as a percentage of "estimated damages." The degree of association between accounting allegations and higher settlements varies based on the allegations (Figure 12).

- Settlements of cases involving generally accepted accounting principles (GAAP) allegations that are not accompanied by announcements of financial statement restatements (or possible restatements) settled for only a slightly higher percentage of "estimated damages," compared with cases not involving GAAP allegations.
- Cases involving a restatement of the financial statements settled for a higher percentage of "estimated damages," compared with GAAP cases not involving restatements.
- Settlements were even higher in cases in which the defendant has reported the occurrence of accounting irregularities (intentional misstatements or omissions) in its financial statements.

In 2012, allegations related to violations of GAAP were included in about 60 percent of settled cases compared with only 45 percent of settled cases in 2011. Allegations related to a restatement of financials were largely unchanged from 2011 and continued to be noticeably less frequent than in earlier years. As we have observed in the past, it is possible that declines in restatements in recent years may be a function of improved corporate governance following the passage of the Sarbanes-Oxley Act of 2002. Additionally, the percentage of credit-crisis cases involving GAAP violations is significantly higher than in other types of cases, while the percentage of credit-crisis cases involving financial restatements is significantly lower.

FIGURE 12: MEDIAN SETTLEMENTS AS A PERCENTAGE OF "ESTIMATED DAMAGES" AND ACCOUNTING ALLEGATIONS
1996–2012



THIRD-PARTY DEFENDANTS

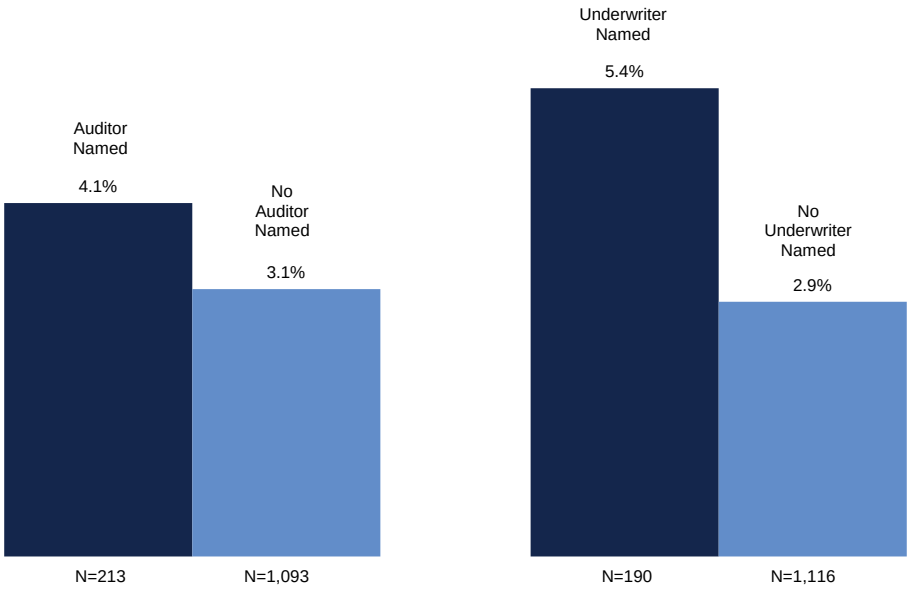
The presence of third-party defendants is also associated with higher settlements as a percentage of "estimated damages." Third parties are often named as codefendants in larger, more complex cases and provide an additional source of settlement funds.

The inclusion of third-party defendants is closely related to the type of allegations involved in the case. Historically, outside auditors have been named in approximately 30 percent of cases involving restatements of financial statements, and this level was slightly lower, at 25 percent, in 2012 settlements. Cases in which an outside auditor was named as a defendant have settled for relatively higher percentages of "estimated damages" compared with cases not involving auditor defendants (Figure 13).

The presence of underwriter defendants is highly correlated with the inclusion of Section 11 claims. The percentage of settlements involving underwriters in 2012 was slightly less than 15 percent—similar to the rate for all post–Reform Act years. In our sample, an underwriter may be an investment bank engaged in a public offering by the issuer or in some other advisory function.

In addition to the presence of additional funding that may be available when a third-party defendant is involved, the presence of an underwriter may indicate a more complex matter or a matter including purchasers of securities in addition to common stock as potential claimants. All of these factors could contribute to the higher settlement as a percentage of "estimated damages."

FIGURE 13: MEDIAN SETTLEMENTS AS A PERCENTAGE OF "ESTIMATED DAMAGES" AND THIRD-PARTY DEFENDANTS
1996–2012

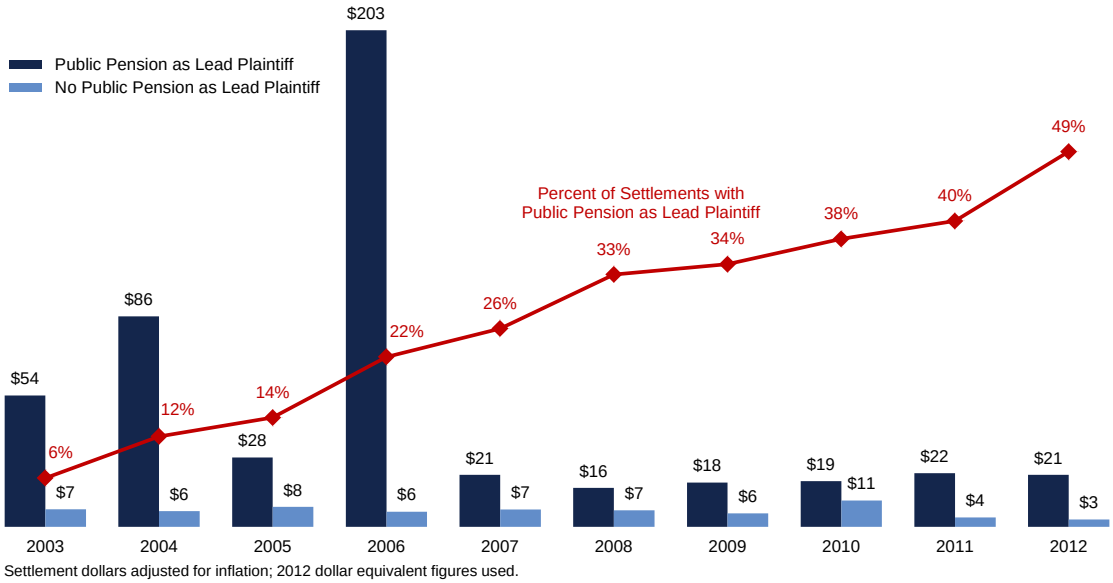


INSTITUTIONAL INVESTORS

Institutional investors play an active role as lead plaintiffs in post–Reform Act class actions. Since 2006, more than half of the settlements in our sample in any given year have involved institutional investors as lead plaintiffs with an increasing presence from public pensions. In 2012, public pensions served as lead plaintiff in 49 percent of settled cases compared with only 6 percent in 2003 (Figure 14).

FIGURE 14: MEDIAN SETTLEMENT AMOUNTS AND PUBLIC PENSIONS 2003–2012

Dollars in Millions



Settlement dollars adjusted for inflation; 2012 dollar equivalent figures used.

In our analysis of institutional investors, we continued to find that the presence of public pensions as lead plaintiffs is associated with significantly higher settlement amounts.[11] The median "estimated damages" for settlements involving public pensions in 2012 was five times the median "estimated damages" figure for settlements without a public pension as lead plaintiff.

As relatively sophisticated investors, public pensions could choose to participate in stronger cases and/or tend to be involved in larger cases that may have the potential for larger claims. However, our analysis of the association between settlement amounts and participation of public pensions as lead plaintiffs showed that even when controlling for "estimated damages" (a proxy for case size) and other observable factors that affect settlements, the presence of a public pension as a lead plaintiff continued to be associated with a statistically significant increase in settlement size.[12] (A list of control variables used in this analysis can be found on page 20.) Accordingly, it is possible that the association between higher settlements and the presence of a public pension plan lead plaintiff is due to public pension plans' greater bargaining power.

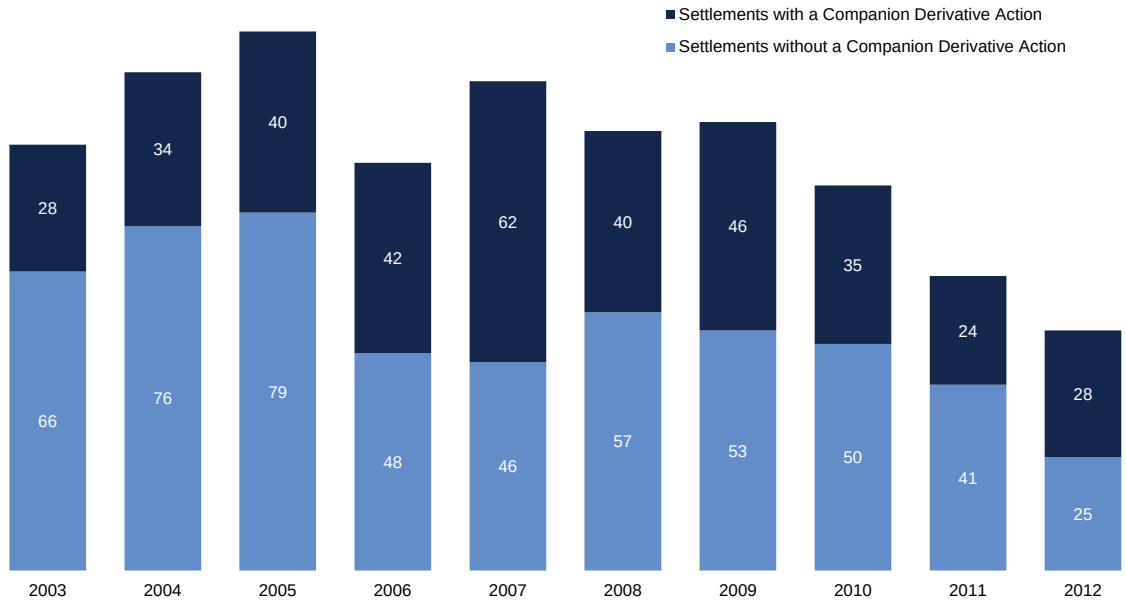
COMPANION DERIVATIVE ACTIONS

More than 50 percent of cases settled in 2012 were accompanied by a derivative action filing, compared with an average of approximately 30 percent of such cases in prior post–Reform Act years (Figure 15). Although settlement of a derivative action does not necessarily result in a cash payment,[13] settlement amounts for class actions that are accompanied by derivative actions are significantly higher than those for cases without companion derivative actions. This is true whether or not the settlement of the derivative action coincides with the settlement of the underlying class action, or occurs at a different time.

When considered as a percentage of "estimated damages," settlements for cases with accompanying derivative actions are typically lower than settlements for cases with no identifiable derivative action. This lower percentage reflects the larger "estimated damages" that are associated with these cases. In fact, overall, the median "estimated damages" for cases involving derivative actions is more than two and a half times larger than for cases without an accompanying derivative action.

Accompanying derivative actions were filed in the state of Delaware for 10 percent of settled cases in our sample. Median "estimated damages" associated with these cases is more than two and a half times the median "estimated damages" for cases that had accompanying derivative actions filed in other states. Consistent with the higher median "estimated damages," our data indicated that a case with a companion derivative action filed in Delaware is associated with higher settlement amounts compared with a case with a companion derivative action filed elsewhere.

FIGURE 15: FREQUENCY OF COMPANION DERIVATIVE ACTIONS 2003–2012



It is important to analyze the relationship between companion derivative actions and class action settlement amounts in a multivariate context (i.e., allowing multiple variables to be considered simultaneously) because of the potential confounding effects of these factors. Using regression analysis to control for "estimated damages" and other observable factors that influence securities class action settlements, we found that cases involving companion derivative actions continued to be associated with significantly higher settlement amounts. In addition to their correlation with higher "estimated damages," class actions accompanied by derivative actions tend to be associated with other factors discussed in this

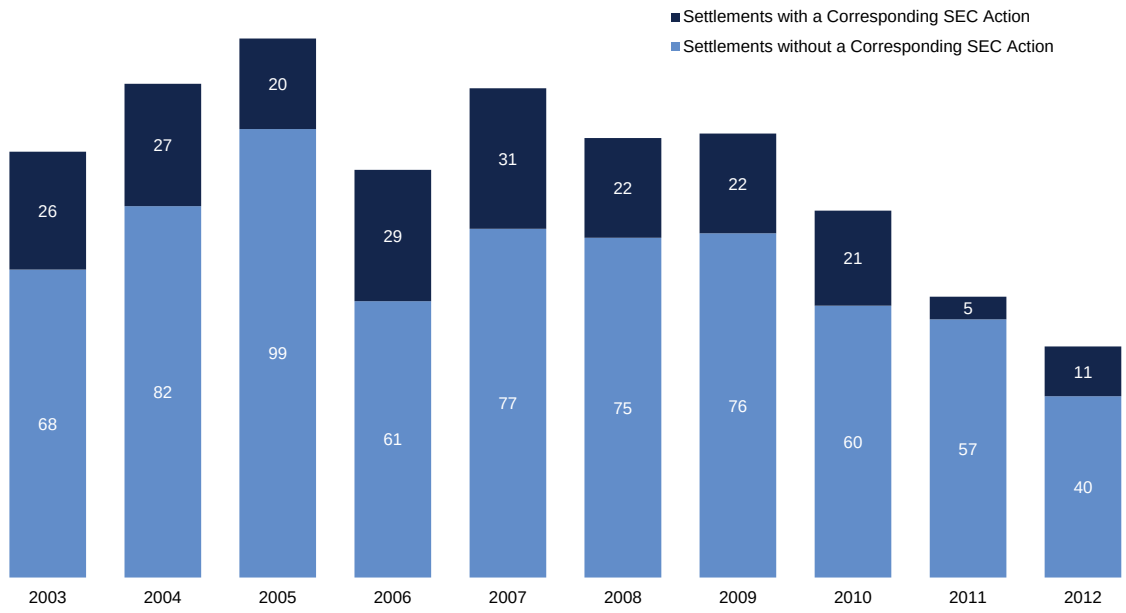
report, including accounting allegations, corresponding actions brought by the Securities and Exchange Commission (SEC), and public pensions as lead plaintiffs—factors that we have consistently found to be important determinants of settlement amounts.

CORRESPONDING SEC ACTIONS

The percentage of settled cases that involved a corresponding SEC action (evidenced by the filing of a litigation release or administrative proceeding) prior to the settlement of the class action was more than 20 percent in 2012, up considerably from 2011 but still at a relatively low level compared with earlier years. As SEC enforcement activity has continued at a strong pace in the last few years, including two consecutive years of record enforcement actions filed in 2011 and 2012,[14] we expect an increase in the percentage of class action settlements with corresponding SEC actions as these enforcement actions are resolved (Figure 16).

Cases that involve corresponding SEC actions are associated with significantly higher settlement amounts and have higher settlements as a percentage of "estimated damages." It could be that the merits in such cases are stronger, or simply that the presence of an accompanying SEC action provides plaintiffs with increased leverage when negotiating a settlement. For settlements through 2012, the median settlement amount ($13 million) for cases involving corresponding SEC actions was more than twice the median ($6 million) for cases without such regulatory actions.

FIGURE 16: FREQUENCY OF CORRESPONDING SEC ACTIONS 2003–2012

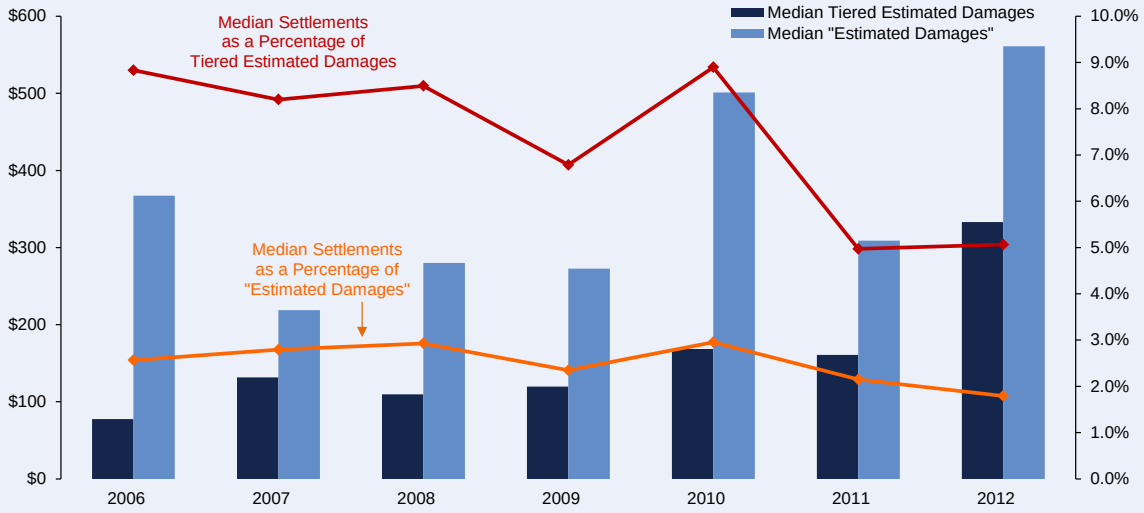


TIERED ESTIMATED DAMAGES

The landmark decision in 2005 by the U.S. Supreme Court in *Dura Pharmaceuticals v. Broudo* (*Dura*) determined that plaintiffs must show a causal link between alleged misrepresentations and the subsequent actual losses suffered by plaintiffs. As a result of this decision, damages cannot be attributed to shares sold before information regarding the alleged fraud reaches the market. *Dura* has had considerable influence on securities class action damages calculations, and we have analyzed its effect in our settlements research. Using a sub-sample of settlements—namely, cases filed subsequent to 2005—we have tested an alternative damages measure that we refer to as tiered estimated damages. This alternative measure is based on the stock-price drops on alleged corrective disclosure dates per the complaint. It utilizes a single value line when there is only one alleged corrective disclosure date (at the end of the class period) or a tiered value line when there are multiple alleged corrective disclosure dates (Figure 17).

While the tiered estimated damages measure has not yet surpassed our traditional measure of "estimated damages" as a predictor of settlement outcomes (see page 20 for a related discussion), it is highly correlated with settlement amounts and provides an alternative measure of investor losses for more recent securities class action settlements.

FIGURE 17: TIERED ESTIMATED DAMAGES
2006–2012
Dollars in Millions



SETTLEMENTS BY JURISDICTION

The Second and Ninth Circuits continue to dominate in terms of securities class action activity.[15] The relative activity levels for these two circuits are related in part to the concentrations of cases by industry sector (i.e., technology firms in the Ninth Circuit and financial-sector firms in the Second Circuit). Accordingly, the prevalence of litigation against financial institutions in recent years contributed to the large number of cases settled in the Second Circuit in 2012 (Figure 18).

FIGURE 18: SETTLEMENTS BY COURT CIRCUIT

Dollars in Millions

	Number of Cases		Median Settlements	
Circuit	**2012**	**1996–2011**	**2012**	**1996–2011**
First	–	74	–	$7.1
Second	14	239	$28.8	10.5
Third	2	122	24.3	8.5
Fourth	2	44	15.5	7.4
Fifth	3	98	1.5	6.9
Sixth	2	61	98.6	15.8
Seventh	5	64	1.5	9.0
Eighth	2	41	2.6	10.1
Ninth	17	324	7.0	8.7
Tenth	2	49	2.3	8.6
Eleventh	3	115	10.5	5.3
DC	–	4	–	27.8
State Courts	1	37	7.3	5.0
All Cases	53	1,272	$10.2	$8.3

SETTLEMENTS BY INDUSTRY

Approximately one-third of settlements in 2012 were for issuers in the financial industry. The next most prevalent industry sectors, in terms of the number of cases settled, were technology and pharmaceuticals.

The financial industry continues to rank the highest in median settlement value across all post–Reform Act years (Figure 19). However, industry sector is not a significant determinant of settlement amounts when controlling for other variables (such as "estimated damages," asset size, and the presence of third-party defendants) that influence settlement outcomes.

FIGURE 19: SETTLEMENTS BY INDUSTRY SECTOR
1996–2012
Dollars in Millions

Industry	Median Settlements	Median "Estimated Damages"	Median Settlements as a Percentage of "Estimated Damages"
Financial	$13.4	$567.8	3.1%
Telecommunications	8.4	372.6	2.4%
Pharmaceuticals	8.0	413.4	2.4%
Healthcare	6.3	212.1	3.5%
Technology	5.9	224.0	3.0%
Retail	5.8	183.2	4.3%

CORNERSTONE RESEARCH'S SETTLEMENT PREDICTION ANALYSIS

Features of securities cases that may affect settlement outcomes are often correlated. Regression analysis makes it possible to examine the effects of these factors simultaneously. Accordingly, as part of our ongoing research on securities class action settlements, we applied regression analysis to study factors associated with settlement outcomes. Analysis performed on our sample of post–Reform Act cases settled through December 2012 revealed that the variables that were important determinants of settlement amounts included the following:[16, 17]

- "Estimated damages"
- DDL
- Most recently reported total assets of the defendant firm
- Number of entries on the lead case docket
- The year in which the settlement occurred
- Whether intentional misstatements or omissions in financial statements were reported by the issuer
- Whether a restatement of financials related to the alleged class period was announced
- Whether there was a corresponding SEC action against the issuer or whether other defendants are involved
- Whether an auditor is a named codefendant
- Whether an underwriter is a named codefendant
- Whether a companion derivative action is filed
- Whether a public pension is a lead plaintiff
- Whether noncash components, such as common stock or warrants, make up a portion of the settlement fund
- Whether securities other than common stock are alleged to be damaged
- Whether criminal charges/indictments were brought with similar allegations to underlying class action
- Whether Section 11 claims accompanied Rule 10b-5 claims
- Whether the issuer traded on a non-major exchange

Settlements were higher when "estimated damages," DDL, defendant asset size, or number of docket entries were larger. Settlements were also higher in cases involving: intentional misstatements or omissions in financial statements reported by the issuer, a restatement of financials, a corresponding SEC action, an underwriter and/or auditor was named as codefendant, a corresponding derivative action, a public pension involved as lead plaintiff, a noncash component to the settlement, criminal charges were filed, or securities other than common stock alleged to be damaged. Settlements were lower if the settlement occurred in 2004 or later, and if the issuer traded on a non-major exchange.

While our primary approach is designed toward understanding and predicting the total settlement amount, we also are able to estimate the probabilities associated with reaching alternative settlement levels. These probabilities can be a useful analysis for our clients in considering the different layers of insurance coverage available and likelihood of contributing to the settlement fund. Regression analysis can also be used to explore hypothetical scenarios, including but not limited to the effects on settlement amounts given the presence or absence of particular factors that we have found to significantly affect settlement outcomes.

CONCLUDING REMARKS

Last year's report, *Securities Class Action Settlements—2011 Review and Analysis,* predicted an increase in the total value of cases settled in 2012. The materialized total value of 2012 settlements surpassed 2011 by more than 100 percent, in spite of a substantial decline in the number of settlements approved.

We observed broad-based increases in settlement amounts in 2012, as evidenced by higher levels for both the median and average settlement amounts. These increases were likely due to greater shareholder losses associated with cases settled in 2012. In fact, "estimated damages" reached an all-time high in 2012.

As a result, median settlements as a percentage of "estimated damages" in 2012 were the lowest among all post–Reform Act years. This low level of settlement amounts in relation to "estimated damages" was likely due to several different factors. First, larger cases tend to settle for smaller proportions of shareholder losses. In addition, in 2012 there was a decrease in the presence of several qualitative factors that are typically associated with higher settlements in relation to "estimated damages." Specifically, we observed declines in the number of settlements of cases involving only Section 11 and/or Section 12(a)(2) claims, as well as below-average instances of accompanying SEC actions and financial statement restatements.

We often look to characteristics of cases filed in recent years to anticipate settlement trends in future years. Although we expect that the extremely low number of settlements reached in 2012 is unlikely to persist, it may be some time before we see the settlement counts from the prior decade. It is also difficult to project future trends related to settlement values. This is due to the fact that shareholder losses associated with case filings in recent years have fluctuated substantially.

DATA SOURCES

In addition to SCAS, data sources include Dow Jones Factiva, Bloomberg, Center for Research in Security Prices (CRSP) at University of Chicago Booth School of Business, Standard & Poor's Compustat, court filings and dockets, SEC registrant filings, SEC litigation releases and administrative proceedings, LexisNexis, and public press.

ENDNOTES

1 Available on a subscription basis.

2 Movements of partial settlements between years can cause differences in amounts reported for prior years from those presented in earlier reports.

3 Our categorization is based on the timing of the settlement approval. If a new partial settlement equals or exceeds 50 percent of the then-current settlement fund amount, the entirety of the settlement amount is recategorized to reflect the settlement hearing date of the most recent partial settlement. If a subsequent partial settlement is less than 50 percent of the then-current total, the partial settlement is added to the total settlement amount, but the settlement hearing date is not changed.

4 See *Securities Class Action Filings—2012 Year in Review,* Stanford Law School Securities Class Action Clearinghouse in cooperation with Cornerstone Research, 2013. Our sample excludes merger and acquisition cases since those cases do not meet our sample criteria.

5 Since reporting the amount of D&O insurance contributed towards a settlement is an optional disclosure by firms, we caveat these results with the observation that they could be affected by firms' disclosure choices in any given year.

6 Litigation stage data obtained from Stanford Law School's Securities Class Action Clearinghouse. Sample does not add to 100 percent as there is a small sample of cases with other litigation stage classifications.

7 Our simplified "estimated damages" model is applied to common stock only. For all cases involving Rule 10b-5 claims, damages are determined from a market-adjusted, backward-pegged value line. For cases involving only Section 11 and/or Section 12(a)(2) claims, damages are determined from a model that caps the purchase price at the offering price. Volume reduction assumptions are based on the location of the exchange on which the issuer's common stock traded. Finally, no adjustments for institutions, insiders, or short sellers are made to the float.

8 We exclude 19 settlements out of the 1,325 cases in our sample from calculations involving simplified "estimated damages" due to stock data availability issues. The WorldCom settlement was also excluded from these calculations because most of the settlement in that matter related to liability associated with bond offerings (and our research does not compute damages related to securities other than common stock).

9 The DDL calculation also does not apply a model of investors' share-trading behavior to estimate the number of shares damaged.

10 See "IPO Outlook Promising," *CFO Magazine*, February 7, 2013. The U.S. IPO table reported by Renaissance Capital indicates the number of IPOs in 2010 was nearly three times the number of new issuances in 2009. IPOs in 2011 and 2012 were approximately 200 percent of 2009 issuances.

11 The extraordinarily high median settlement amount for public-pension-led settlements in 2006 was driven by six separate settlements in excess of $1 billion.

12 This regression analysis may not control for the potential endogeneity in the choice by public pension plans to participate in a class action.

13 Derivative cases are often resolved with changes made to the issuer's corporate governance practices, accompanied by little or no cash payment; this continues to be true despite the increase in corporate controls introduced after the passage of the Sarbanes-Oxley Act of 2002. For purposes of the analyses in this report, a derivative action—generally a case filed against officers and directors on behalf of the issuer corporation—must have allegations similar to the class action in nature and time period to be considered an accompanying action.

14 *Fiscal Year 2012 Agency Financial Report*, U.S. Securities and Exchange Commission, https://www.sec.gov/about/secpar/secafr2012.pdf.

15 *Securities Class Action Filings—2012 Year in Review,* Stanford Law School Securities Class Action Clearinghouse in cooperation with Cornerstone Research, 2013.

16 Our settlement database includes publicly available and measurable information about settled cases. Nonpublic or nonmeasurable factors, such as relative case merits or the limits of available insurance, are not reflected in the model to the extent that such factors are not correlated with the variables that are accessible to us (i.e., publicly available and measurable factors).

17 Due to the presence of a small number of extreme observations in the data, we apply logarithmic transformations to all continuous variables.

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Dr. Simmons's research on pre– and post–Reform Act securities litigation settlements has been published in a number of reports and is frequently cited in the public press and legal journals. She has spoken at various conferences and appeared as a guest on CNBC addressing the topic of securities case settlements. She has also published in academic journals, with recent research focusing on the intersection of accounting and securities litigation. Dr. Simmons was previously an accounting faculty member at the Mason School of Business at the College of William & Mary. From 1986 to 1991, she was an accountant with Price Waterhouse.

The authors acknowledge the research efforts and significant contributions of their colleagues at Cornerstone Research. Please direct any questions and requests for additional information to the settlement database administrator at settlement.database@cornerstone.com. The authors request that you reference Cornerstone Research in any reprint of the charts and tables included in this study and include a link to the report: www.cornerstone.com/post_reform_act_settlements.

Additional information about our research and analysis in securities class action filings and settlements can be found at www.cornerstone.com/securities.

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EXHIBIT 10

COMPENDIUM OF DOCKETED CASES

In re Beckman Coulter Inc. Sec. Litig.,
No. 8:10-cv-1327-JST, (C.D. Cal. March 1, 2012)

Kevin D. Ramsey v. MRV Commc'n Inc.,
No. CV 08-04561 GAF, (C.D. Cal. Nov. 16, 2010)

In re Spectranetics Corp. Sec. Litig.,
No. 08-cv-0208-REB-KLM, (D. Col. Apr. 4, 2011)

In re Zale Corp. Sec. Litig.,
No. 3:06-cv-01470-N, (N.D. Tex. July 10, 2008)

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

IN RE BECKMAN COULTER, INC. SECURITIES LITIGATION

Case No. 8:10-cv-1327-JST (RNBx)

ORDER AWARDING ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES

This matter having come before the Court on February 27, 2012, on the unopposed motion of Labaton Sucharow LLP ("Labaton Sucharow") and Berger & Montague, P.C. ("Berger & Montague"), Court-appointed class counsel ("Lead Counsel"), on behalf of all Plaintiffs' Counsel who contributed to the prosecution of the Action, for an award of attorneys' fees and reimbursement of expenses, and the Court, having considered all papers filed and proceedings conducted herein,

and otherwise being fully informed in the premises and good cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. All of the capitalized terms used herein shall have the same meanings as set forth in the Stipulation of Settlement (the "Stipulation"), dated as of September 13, 2011.

2. This Court has jurisdiction over the subject matter of this application and all matters relating thereto.

3. Notice of Lead Counsel's application for attorneys' fees and reimbursement of expenses was given to all Class Members who could be identified with reasonable effort. The form and method of notifying the Class of the application for attorneys' fees and expenses met the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995, due process, and any other applicable law, constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

4. Lead Counsel are entitled to a fee paid out of the common fund created for the benefit of the Class. *Boeing Co. v. Van Gemert*, 444 U.S. 472, 478-79 (1980). In class action suits where a fund is recovered and fees are awarded therefrom by the court, the Supreme Court has indicated that computing fees as a percentage of the common fund recovered is the proper approach. *Blum v. Stenson*, 465 U.S. 886, 900 n.16 (1984). The Ninth Circuit recognizes the propriety of the percentage-of-the fund method when awarding fees. *Chem. Bank v. City of Seattle (In re Wash. Pub. Power Supply Sys. Sec. Litig.)*, 19 F.3d 1291, 1295 (9th Cir. 1994); *see also Vizcaino v. Microsoft Corp.*, 290 F.3d 1043, 1047 (9th Cir. 2002) (affirming use of percentage method to calculate attorneys' fees and applying lodestar method as cross-check).

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5. Lead Counsel have moved for an award of attorneys' fees in the amount of $1,375,000 (*i.e.*, 25% of $5,500,000), plus interest earned on this amount at the same rate earned by the Settlement Fund. Lead Counsel's fee request reflects a lodestar multiplier of approximately 0.63. Lead Counsel have also requested reimbursement of their litigation expenses in the amount of $88,928.73, plus interest earned on this amount at the same rate earned by the Settlement Fund. Lead Counsel's fee and expense application has the support of Lead Plaintiff Iron Workers District Council of New England Pension Fund and named plaintiff Steelworkers Pension Trust. Lead Plaintiff Arkansas Teacher Retirement System, as is their practice, defers to the Court with respect to the amount of attorneys' fees and expenses that should be awarded.

6. The Court hereby awards Lead Counsel attorneys' fees of twenty-five percent (25%) of $5,500,000, which sum the Court finds to be fair and reasonable under the circumstances of this case. In addition, the Court hereby awards a total of $88,928.73 in reimbursement of reasonably incurred litigation expenses. The foregoing awards of fees and expenses shall be paid to Lead Counsel from the Settlement Fund, and such payment shall be made at the time and in the manner provided in the Stipulation, with interest earned on both amounts at the same rate as earned by the Settlement Fund. Said fees shall be allocated among Plaintiffs' Counsel by Lead Counsel in a manner in which they believe fairly compensates each counsel's contribution to the prosecution and resolution of the Action.

7. Lead Plaintiff Arkansas Teacher Retirement System is hereby awarded $3,534.30 for reimbursement of its reasonable costs and expenses (including lost wages) directly related to its representation of the Class, which sum the court finds to be fair and reasonable.

8. In making this award of attorneys' fees and expenses, the Court has analyzed the factors considered within the Ninth Circuit. *Vizcaino*, 290 F.3d at 1048-50. In evaluating these factors, the Court finds that:

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(a) The Settlement has created a fund of $5 million in cash, with accrued interest, and an additional amount, not to exceed $500,000, for the expenses incurred in providing notice to the Class and administering the Settlement, and numerous Class Members who submit valid Proofs of Claim will benefit from the Settlement.

(b) Approximately 43,861 copies of the Notice were disseminated to putative Class Members indicating that Lead Counsel would be requesting an award of attorneys' fees not to exceed 25% of $5,500,000 and that litigation expenses would not exceed $148,000, plus interest earned on both amounts at the same rate earned by the Settlement Fund. Not a single Class Member has filed an objection to these requests.

(c) Lead Counsel have prosecuted this Action on a wholly contingent basis, and have borne all the ensuing risk -- including the risk of no recovery, given, among other things, Defendants' pending Motion to Dismiss as well as Defendants' defenses concerning liability, loss causation and damages.

(d) Lead Counsel have conducted the Action and achieved the Settlement with skill, perseverance, and diligent advocacy.

(e) The Action involves complex factual and legal issues and, in the absence of a settlement, would involve further lengthy proceedings with uncertain resolution of the complex factual and legal issues.

(f) Plaintiffs' Counsel have devoted more than 4,571.4 hours, with a lodestar value of $2,176,560.50, to achieve the Settlement.

(g) The amount of attorneys' fees awarded and expenses reimbursed from the Settlement Fund are fair and reasonable and consistent with awards in similar cases.

9. The awarded attorneys' fees and litigation expenses of Lead Counsel shall be paid immediately after the date this Order is entered subject to the terms,

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conditions, and obligations of the Stipulation, which terms, conditions, and obligations are incorporated herein.

10. The Court retains continuing and exclusive jurisdiction over the Settlement, the administration and distribution of the Settlement and the attorneys' fee award and its payment.

IT IS SO ORDERED.

DATED:March 01, 2012

Honorable Josephine Staton Tucker
UNITED STATES DISTRICT JUDGE

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UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

KEVIN D. RAMSEY, Individually and on Behalf of All Similarly Situated, Plaintiff, v. MRV COMMUNICATIONS INC., NOAM LOTAN, SHAY GONAN, MICHAEL BLUS, KEVIN RUBIN, GUY AVIDAN, GUENTER JAENSCH, IGAL SHIDLOVSKY, SANIEL TSUI, BARUCH FISCHER, Defendants.	**Case No. CV 08-04561 GAF (RCx)** ORDER & MEMORANDUM REGARDING FINAL APPROVAL OF CLASS ACTION SETTLEMENT & LEAD COUNSEL'S MOTION FOR ATTORNEYS' FEES, REIMBURSEMENT OF LITIGATION EXPENSES, AND REIMBURSEMENT OF LEAD PLAINTIFF'S EXPENSES

I. INTRODUCTION & BACKGROUND

This is a class action lawsuit against Defendants MRV Communications, Inc. ("MRV"), and various officers and directors of MRV (collectively, "Individual Defendants" and together with MRV, "Defendants") brought by Lead Plaintiff Kwok Wong ("Wong" or "Lead Plaintiff") on behalf of all persons who purchased MRV common stock between March 31, 2003, and June 5, 2008. (Docket No. 59, Second Am. Consol. Class Action Compl. ("SACC") ¶¶ 1, 18, 26–34.)

On July 11, 2008, Plaintiff Kevin D. Ramsey filed the first of several related

cases against Defendants. (Docket No. 1.) By the Court's December 1, 2008, Order, two later actions, Anits et al. v. MRV Communications, Inc. et al., No. CV-08-4561-GAF (RCx), and Leopold et al. v. MRV Communications, Inc. et al., No. CV-08-5005-GAF (FMOx), were consolidated with this case. (Docket No. 39, 12/1/10 Order.) That order also appointed Wong as Lead Plaintiff, Labaton Sucharow LLP ("Labaton Sucharow" or "Lead Counsel") as lead counsel, and Glancy Binkow & Goldberg LLP ("Glancy Binkow" or "Local Liaison Counsel") as local liaison counsel. (Id. at 2.)

On February 16, 2010, counsel filed a Second Amended Consolidated Class Complaint asserting claims under sections 10(b), 20(a), and 14(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Securities and Exchange Commission Rule 10b-5. (SACC ¶¶ 292, 297, 300.) Specifically, Lead Plaintiff alleged that MRV's directors intentionally back-dated stock options for personal gain, and that they made materially false and misleading statements regarding MRV's financial statements between 2002 and 2008 to artificially inflate the value of MRV stock. (Id. ¶¶ 43, 58, 262.) The SACC further averred that, in early June 2008, MRV announced that it was investigating the alleged stock-option back-dating, and declared that it would be restating its financial statements for the years 2002 to 2008. (Id. ¶¶ 266.) Upon dissemination of the June 2008 announcement, MRV's share price allegedly dropped by approximately 24 percent. (Id. ¶ 267.)

On April 16, 2010, Lead Plaintiff filed an unopposed motion for preliminary approval of a proposed class action settlement. (Docket No. 66.) Under the proposed settlement, Defendants will deposit $10 million to an interest-bearing escrow account ("the Settlement Fund") in exchange for release of the claims against them. (Docket No. 67, Plaintiff's Unopposed Mot. for Preliminary Approval of Proposed Class Action Settlement, at 7–8.) In addition, in the Notice of Pendency of Class Action and Proposed Settlement, Lead Plaintiff indicated that Lead Counsel would request attorneys' fees of no more than 25 percent of the Settlement Fund and up to $125,000 in expenses and that Lead Plaintiff might request up to $22,000 for his reasonable

costs and expenses, including lost wages, relating to his representation of the class claims. (Docket No. 66, Ex. 1 [Notice of Pendency Class Action and Proposed Settlement ("Notice")], at 3.) The Settlement contemplates that court-awarded expenses for these attorneys' fees, expenses, and Lead Plaintiff's costs, as well as for taxes and the costs of sending notice and processing claims, would be deducted from the Settlement Fund. (Id. at 2, 22.) The remainder of the Settlement Fund ("Net Settlement Fund") is to be distributed as provided in the Plan of Allocation in the Notice of Pendency of Class Action and Proposed Settlement. (Id. at 2.) Under the Plan of Allocation, each claimant's "recognized loss" will be calculated based on the daily per share amount of artificial inflation allegedly present in MRV's stock price calculated for each share purchased and sold. (Id. at 24.) The notice to claimants indicates that, for those who purchased between March 31, 2003 and June 5, 2008, different recovery amounts would be established: (1) for shares sold on or before June 5, 2008; (2) for share sold between June 6, 2008 and October 9, 2009; (3) for share still held as of close of business on October 9, 2009. For those who purchased between June 6, 2008 and October 8, 2009, different recovery amounts were established for: (1) shares acquired between June 6 and October 8, 2009, and sold on or before October 8, 2008; and (2) shares acquired between June 6 and October 8, 2009, and still held as of close of business on October 9, 2009. (Id. at 24–25.). Each claimant will receive an amount equal to her recognized loss unless the Net Settlement Fund is insufficient to permit payment of all recognized losses. (Id. at 23.) In that event, each claimant will receive a pro rata share of the Net Settlement Fund. (Id. at 23–24.)

On May 13, 2010, the Court granted preliminary approval with the caveat that it would closely scrutinize Plaintiff's request for an award of up to $22,000 for his reasonable costs and expenses related to his representation of the Settlement Claims. (Docket No. 71, 5/13/10 Order at 1.) The next day, the Court certified a Settlement Class comprised of "all persons that purchased the common stock of MRV

Communications, Inc. . . . during the period between March 31, 2003 and October 8, 2009, inclusive, and were damaged thereby." (Docket No. 72, 5/14/10 Order at 2.) The Court approved the "Notice of Pendency of Class Action and Proposed Settlement" (the "Notice") and the "Proof of Claim and Release" form ("Proof of Claim"), and approved the appointment of Berdon Claims Administration LLC ("Berdon" or "Claims Administrator") as Claims Administrator to administer the notice procedure and processing of claims. (Id. at 4.) The Court noticed a hearing for November 15, 2010. (Id. at 3.)

After the Court granted preliminary approval, Berdon mailed copies of the Notice and Proof of Claim to all potential members of the Settlement Class who could be reasonably identified and to known brokers/nominees who may have purchased MRV stock for the beneficial interest of individual investors. (Declaration of Jonathan Gardner ("Gardner Decl.") ¶ 13.) In all, Berdon mailed 75,969 notices and related documents. (Gardner Decl., Ex. 2 [Declaration of Michael Rosenbaum ("Rosenbaum Decl.")] ¶ 6.) In addition, Berdon published a notice in Investor's Business Daily and disseminated it via PR Newswire on June 11, 2010, and posted it on the websites of Berdon and Lead Counsel. (Gardner Decl. ¶¶ 14–15.) The Notice provided that persons seeking exclusion from the Settlement Class must make such exclusion requests by November 1, 2010. (5/14/10 Order at 8.) Berdon has received only two requests for exclusion, only one of which came from a Class Member. (Gardner Decl. ¶ 19; Reply Declaration of Jonathan Gardner ("Gardner Reply Decl.") ¶ 4.) That opting-out Class Member has a claim for 2,000 shares. (Gardner Decl. ¶ 19.) Further, Berdon has received only two objections to the Settlement. (Id. ¶ 93; id., Ex. 3 [Objection Letter from Deepak Shah]; Gardner Reply Decl. ¶ 5; id., Ex. 2 [Objection Letter from Mary Segura].)

Plaintiff now moves for Final Approval of the proposed settlement described in the Stipulation and Agreement of Settlement (Docket No. 68, Ex. 5).[1] For the reasons set forth below, the Court concludes that the Stipulation and Agreement of Settlement ("the Settlement") and the Plan of Allocation described in the Notice of Pendency of Class Action and Proposed Settlement are fundamentally fair, adequate, and reasonable. Accordingly, Lead Plaintiff's motion is **GRANTED**. Also before the Court is Lead Counsel's motion for attorneys' fees, litigation expenses, and reimbursement of Plaintiff's expenses. The Court also **GRANTS** this motion with some reduction in the lead Plaintiff's award.

II. DISCUSSION

A. MOTION FOR FINAL APPROVAL OF SETTLEMENT

1. LEGAL STANDARD

Under Rule 23(e) of the Federal Rules of Civil Procedure, "claims, issues, or defenses of a certified class may be settled, voluntarily dismissed, or compromised only with the court's approval." Fed. R. Civ. P. 23(e). A court must engage in a two-step process to approve a proposed class action settlement. First, the court must determine whether the proposed settlement deserves preliminary approval. Nat'l Rural Telecomms. Coop. v. DirecTV, Inc., 221 F.R.D. 523, 525 (C.D. Cal. 2004). Second, after notice is given to class members, the Court must determine whether final approval is warranted. Id. A court should approve a settlement pursuant to Rule 23(e) only if the settlement "is fundamentally fair, adequate and reasonable." Torrisi v. Tucson Elec. Power Co., 8 F.3d 1370, 1375 (9th Cir. 1993) (internal quotation marks omitted); accord In re Mego Fin. Corp. Sec. Litig., 213 F.3d 454, 458 (9th Cir. 2000) (citing Hanlon v. Chrysler Corp., 150 F.3d 1011, 1026 (9th Cir. 1998)).

[1] Lead Plaintiff also requests that this Court enter an order certifying the Settlement Class, appointing him as Class Representative, and appointing Lead Counsel as Class Counsel. This request is unnecessary, however, because the Court already non-provisionally certified the class and appointed Lead Plaintiff as Class Representative and Lead Counsel as Class Counsel in its May 14, 2010, Order. (5/14/10 Order at 2–3.)

In the Ninth Circuit, a court must balance the following factors to determine whether a class action settlement is fair, adequate, and reasonable:

> (1) the strength of the plaintiff's case;
> (2) the risk, expense, complexity, and likely duration of further litigation;
> (3) the risk of maintaining class action status throughout the trial;
> (4) the amount offered in settlement;
> (5) the extent of discovery completed and the stage of the proceedings;
> (6) the experience and views of counsel;
> (7) the presence of a governmental participant; and
> (8) the reaction of the class members to the proposed settlement.

Torrisi, 8 F.3d at 1375; accord Linney v. Cellular Alaska P'ship, 151 F.3d 1234, 1242 (9th Cir. 1998); Hanlon, 150 F.3d at 1026. "In addition, the settlement may not be the product of collusion among the negotiating parties." In re Mego Fin. Corp. Sec. Litig., 213 F.3d at 458. These factors are not exclusive, and one factor may deserve more weight than the others depending on the circumstances. Torrisi, 8 F.3d at 1376. In some instances, "one factor alone may prove determinative in finding sufficient grounds for court approval." Nat'l Rural Telecomms. Coop., 221 F.R.D. at 525–26 (citing Torrisi, 8 F.3d at 1376).

"The involvement of experienced class action counsel and the fact that the settlement agreement was reached in arm's length negotiations, after relevant discovery had taken place create a presumption that the agreement is fair." Linney v. Cellular Alaska P'ship, Nos. C-96-3008 DLJ, C-97-0203 DLJ, C-97-0425 DLJ, C-97-0457 DLJ, 1997 WL 450064, *5 (N.D. Cal. July 18, 1997), aff'd, 151 F.3d at 1234.

2. APPLICATION OF TORRISI FACTORS

a. Strength of Plaintiff's Case

The class's likelihood of succeeding on the merits of its claims is uncertain. To prevail on the section 10(b) claims, Lead Plaintiff would have had to prove that Defendants made a "material misrepresentation or omission of fact"; that they were made with actual knowledge or reckless disregard for the truth; "a connection with the

purchase or sale of a security"; "transaction and loss causation"; and economic loss. Gebhart v. S.E.C., 595 F.3d 1034, 1040 n.8 (9th Cir. 2010). Plaintiffs could face trouble establishing several of these elements.

First, MRV disputed whether the alleged misstatements were material, false, misleading, or actionable and challenged Plaintiff's ability to establish scienter. (Gardner Decl. ¶ 72, 84.) Although Plaintiff contends that proof of these elements posed some difficulty, the Court does not agree that these elements constituted major hurdles to success. There is no doubt that the stock options were backdated and that, through that device, high level managers received compensation that was not properly reflected on the books and records of the company. As a result, the company's revenues were overstated for many years. As to scienter, the Court agrees that Plaintiff would have had to resort to circumstantial evidence to prove the element, and that, to that extent, it presented a greater challenge than had direct evidence been developed. However, the Court believes that proving loss causation would have been the most difficult hurdle had the case not been settled. Defendants would no doubt have argued that MRV's stock price was not significantly altered as a result of the public dissemination of the alleged misstatements, and that the June 2008 disclosure of the investigation did not concede that a back-dating scheme had occurred. (Id. ¶ 86.) Ultimate resolution of this question would have turned on the Court's or a jury's assessment of competing expert testimony. (Id. ¶ 87.) Finally, Defendants also would have likely disputed reliance, given the widespread knowledge of back-dating schemes in the industry. (Id. ¶ 88.)

These factors reflect the complexity and uncertainty surrounding the class's claims. By negotiating the settlement, Plaintiffs avoid this uncertainty. This factor therefore weighs in favor of granting final approval.

b. Risk, Expense, Complexity, and Likely Duration of Further Litigation

The central factor relating to the "risk, expense, complexity, and likely duration"

prong of the Torrisi analysis is the expense of litigation. Nat'l Rural Telecomms. Coop., 221 F.R.D. at 526. "In most situations, unless the settlement is clearly inadequate, its acceptance and approval are preferable to lengthy and expensive litigation with uncertain results." Id. (quoting 4 A. Conte & H. Newberg, Newberg on Class Actions, § 11:50 at 155 (4th ed. 2002)).

Plaintiff points out that, without settlement, this case would involve a motion to dismiss, fact and expert discovery, class certification, a summary judgment motion, and trial. (Mem. at 15.) As discussed above, the issues at summary judgment and trial would be complex. Given the risk that Plaintiffs might not prevail on the merits of their claims, and in light of the expense that the parties are certain to incur should they continue litigating this action, the Court concludes that this factor weighs in favor of granting final approval.

c. Risk of Maintaining Class Action Status Throughout Trial

In its May 14, 2010, Order, the Court certified the settlement class, finding that the proposed class satisfied the numerosity, commonality, typicality, and adequacy requirements of Federal Rules of Civil Procedure 23(a) and 23(b). (5/14/10 Order at 2–3.) Having already certified the class for purposes of settlement, and in the absence of any new evidence that would require revisiting the issue, the Court concludes that there is little risk that class action status may not be maintained through trial. Accordingly, this factor does not weigh in favor of granting final approval.

d. Amount Offered in Settlement

Under the terms of the Settlement, the Settlement Fund is $10 million. Accounting for the requested award of attorneys' fees in the amount of 25 percent of the settlement fund, $86,314.91 in litigation expenses, and $21,525 in expenses to Lead Plaintiff, that leaves the Net Settlement Fund with $7,392,160.09. Lead Plaintiff's expert calculated aggregate total damages from the alleged price drops to be approximately $50.5 million. (Gardner Decl. ¶ 5.) Thus, the Settlement, after

accounting for the deductions, represents approximately 14.6 percent of the maximum total damages that could be awarded.

This represents a fair recovery for the class. As courts have noted, the average settlements of securities class actions provide for lower percentage recoveries. See In re Cendant Corp. Litig., 264 F.3d 201, 241 n.22 (3d Cir. 2001) (citing study noting that securities settlements range from 9–14 percent of claimed damages); In re Ravisent Techs., Inc. Sec. Litig., No. 00-CV-1014, 2005 WL 906361, *9 (E.D. Pa. April 18, 2005) (citing study determining "that since 1995, class action settlements have typically recovered 'between 5.5% and 6.2% of the class members' estimated losses'"). The Court concludes that this settlement amount is reasonable. See In re Merrill Lynch & Co., Inc. Res. Reports Sec. Litig., Nos. 02 MDL 1484(JFK), 02 Civ. 3176(JFK), 02 Civ. 7854(JFK), 02 Civ. 10021(JFK), 2007 WL 313474, *10 (S.D.N.Y. Feb. 1, 2007) (finding a settlement represented 6.25 percent of estimated damages to be "at the higher end of the range of reasonableness of recovery in class actions securities litigation"). The Court accordingly finds that the amount offered in settlement weighs in favor of granting final approval.

e. Extent of Discovery Completed and the Stage of the Proceedings

The amount of discovery completed affects approval of a stipulated settlement because it indicates whether the parties have had an "adequate opportunity to assess the pros and cons of settlement and further litigation." In re Cylink Sec. Litig., 274 F. Supp. 2d 1109, 1112 (N.D. Cal. 2003). Nevertheless, "[i]n the context of class action settlements, 'formal discovery is not a necessary ticket to the bargaining table' where the parties have sufficient information to make an informed decision about settlement." Linney, 151 F.3d at 1239 (quoting In re Chicken Antitrust Litig., 669 F.2d 228, 241 (5th Cir. 1982)).

In the present case, Lead Plaintiff has not conducted any formal discovery. (Mem. at 17.) Plaintiff did, however, consult with a damages and loss causation

expert and with Professor Erik Lie, a statistician with expertise on back-dated options who concluded that MRV had intentionally back-dated options for more than a decade. (Gardner Decl. ¶ 42, 45, 65.) In addition, Lead Counsel and Lead Plaintiff reviewed and analyzed publicly available information about Defendants, Defendant's regulatory filings, securities analyst reports, press releases and media reports, and information regarding 86 former MRV employees who possessed potentially relevant information. (Id. ¶ 64.) Further, before mediation, MRV provided Lead Counsel and Lead Plaintiff with confidential documents showing details about the option grants and analyses of each option grant. (Id. ¶ 69.) Finally, before executing the Stipulation, Lead Plaintiff conducted confirmatory discovery and reviewed 17,000 pages of documents including internal emails and memoranda, corporate minutes of the Board and the Compensation Committee, unanimous written consents concerning the stock options, option agreements, submissions to the SEC, and source materials utilized by MRV in connection with its Restatement process. (Id. ¶ 75.) After analyzing these documents, Lead Counsel interviewed two MRV employees, who confirmed that no one in management back-dated the grant dates intentionally to avoid recording an appropriate compensation expense. (Id. ¶¶ 78–79.)

Based on this extensive fact-finding, it appears that the parties had sufficient information from which to make an informed decision about the propriety and sufficiency of the Settlement. This factor therefore weighs in favor of final approval.

f. Experience and Views of Counsel

"'Great weight' is accorded to the recommendation of counsel, who are most closely acquainted with the facts of the underlying litigation." Nat'l Rural Telecomms. Coop., 221 F.R.D. at 528 (quoting In re Painewebber Ltd. P'ships Litig., 171 F.R.D. 104, 125 (S.D.N.Y. 1997)).

In the present case, Lead Counsel is experienced in securities class action cases. As the Court noted in its December 1, 2008, Order appointing Lead Counsel, Labaton Sucharow "has substantial experience representing shareholders in a variety

of . . . securities-fraud class-action lawsuits." (Docket No. 39, 12/1/08 Order, at 6–7.) It has served as lead or co-lead counsel in numerous securities class actions and has successfully litigated cases involving improper stock option granting. (Gardner Decl., Ex. 5, at 8–17.) Lead Counsel believes that the Settlement is "an excellent result." (Id. ¶ 91.) Accordingly, this factor also weighs in favor of granting final approval.

g. Presence of a Governmental Participant

This factor is not applicable because there is no governmental participant in this case. See Nat'l Rural Telecomms. Coop., 221 F.R.D. at 528.

h. Reaction of Class Members to the Proposed Settlement

Berdon, the Claims Administrator, appears to have made a good faith attempt to notify all potential class members. Berdon mailed nearly 76,000 notices and related documents. (Rosenbaum Decl. ¶ 6.) In addition, Berdon has re-mailed notices to recipients whose mail was returned with forwarding addresses affixed and has conducted an National Change of Address database search to obtain updated addresses for recipients whose mail was returned as undeliverable. (Id. ¶ 7.) In addition, Berdon published a notice in Investor's Business Daily and disseminated it via PR Newswire on June 11, 2010, and posted it on the websites of Berdon and Lead Counsel. (Gardner Decl. ¶¶ 14–15.) Additionally, Berdon established a toll-free number for potential Settlement Class Members to obtain more information. (See id., Ex. A [Notice].) The Court concludes that this notice complied with the Court's May 14, 2010, Order and satisfies Federal Rule of Civil Procedure 23(c)(2)'s requirement that notice be "the best notice that is practicable under the circumstances, including individual notice to all members who can be identified through reasonable effort." Fed. R. Civ. P. 23(c)(2)(B).

As of the November 1, 2010, deadline, two potential Settlement Class Members had asked to be excluded from the Settlement, and two potential members had made objections. (Gardner Decl. ¶¶ 19, 93; Gardner Reply Decl. ¶¶ 4, 5.)

i. Members requesting exclusion

Two potential Settlement Class Members have requested to be excluded from the Settlement. One of the potential members opting out purchased 400 shares "in the year '2000.'" (Rosenbaum Decl., Ex. C [Opt-Out Letters].) Thus, this shareholder does fall within the Settlement Class of shareholders who purchased shares between March 31, 2003, and October 8, 2009. The other shareholder opting out bought 1,000 shares on July 22, 2002, and 1,000 shares on March 6, 2009. Thus, only one Settlement Class Member with 2,000 shares has decided to opt out of the Settlement.

ii. Members making objections

Only two purported objections have been filed, by investors Deepak Shah and Mary Segura. (Gardner Decl. ¶ 93; id., Ex. 3 [Objection Letter from Deepak Shah ("Shah Letter")]; Gardner Reply Decl. ¶ 5; id., Ex. 2 [Objection Letter from Mary Segura ("Segura Letter")].) Shah bought 2,000 shares of MRV stock on October 2, 2006, at $2.67 per share and sold 2,000 shares on October 2, 2007, at $2.87 per share. (Shah Letter at 1.) Shah objects on the grounds that the Settlement allocates zero recognized loss to class members who sold their stock before June 6, 2008, the date that the back-dating investigation was revealed. (Id.; see also Notice at 24–25.) Shah objects that "the vast majority of class members included in the Settlement [those who sold their stock before June 6, 2008] have no recognized loss" and urges that the class definition be narrowed to include only those class members who sold their stock after June 6, 2008, or that it be broadened to allow recovery by others. (Shah Letter at 1.)

Shah's objection rests on a faulty premise. The Court identified the certified Settlement Class as "all persons that purchased the common stock of MRV Communications, Inc. . . . during the period between March 31, 2003 and October 8, 2009, inclusive, *and were damaged thereby*." (Docket No. 72, 5/14/10 Order, at 2 (emphasis added).) Stockholders who purchased MRV stock in the relevant timeframe who sold their shares before June 6, 2008, were not damaged and thus are

not members of the Settlement Class. As such, they are not bound by the terms of the Settlement Agreement. For the same reason, Shah is not a Class Member and thus has no standing to object. Cent. States S.E. and Sw. Areas Health & Welfare Fund v. Merck-Medco Managed Care, LLC, 504 F.3d 229, 244 (2d Cir. 2007).

The purported objection by Mary Segura similarly does not constitute an actual objection to the Settlement. Segura's objection letter states: "I Object only because my home burnt down a few years ago and cant provide any of the documents you are requesting. Please let me know what I can do to still be a part of this Class action law suit." (Segura Letter at 1.) In substance, this is not an objection to the Settlement, but rather a request for assistance in participating in the suit despite the destruction of documents. Counsel represents that the Claims Administrator has contacted Segura and will provide "whatever assistance it can." (Gardner Reply Decl. ¶ 5.)

Thus, only one actual Class Member has opted out of the Settlement, one objector's concerns are based on a misunderstanding of the agreement, and the other objector has concerns only about her ability to participate in the suit. The Court therefore concludes that the reaction of class members favors granting final approval to the Settlement. See In re Mego Fin. Corp. Sec. Litig., 213 F.3d at 459 (finding that reaction of class members supported approving class settlement where only one of 5,400 class members opted out and "only a handful" of members objected).

ii. Collusion

Finally, the Court finds that there was no collusion in reaching this Settlement. Indeed, the parties reached agreement only with the help of an experienced mediator. (Gardner Decl. ¶¶ 73–74.)

3. CONCLUSION RE: FINAL APPROVAL OF SETTLEMENT

Based on the foregoing analysis, the Court concludes that, on balance, the Torrisi factors weigh in favor of granting final approval of the Class Settlement because it is fundamentally fair, adequate, and reasonable.

4. FINAL APPROVAL OF PLAN OF ALLOCATION

The Plan of Allocation, like the class settlement as a whole, must be fair, reasonable, and adequate. In re Omnivision Techs., Inc., 559 F. Supp. 2d 1036, 1045 (N.D. Cal. 2008); see also Class Plaintiffs v. City of Seattle, 955 F.2d 1268, 1284–85 (9th Cir. 1992). It is reasonable to allocate settlement funds to class members based on the extent of their injuries. In re Omnivision Techs., 559 F. Supp. 2d at 1045. The Court finds that the proposed Plan of Allocation is reasonable.

Under the Plan of Allocation, a class member's recovery will correspond to when she acquired and sold her MRV stocks. Claimants will receive their "recognized loss" or a pro rata share of the total Net Settlement Fund if the fund cannot cover all claims. (Docket No. 66, Ex. 1, at 23–24.) The basis for computing a claimant's recognized loss has been created by an expert to reflect the reasonable dollar value of alleged artificial inflation during the Class Period and the amount of inflation that was removed by each partially corrective disclosure. (Gardner Decl. ¶ 98.) This computation accounts for the alleged price drops corresponding to the June 5, 2008, and October 8, 2009, disclosures. (Id. ¶ 97.) Because of administrative costs, class members entitled to compensation of less than $10 will not be able to recover. (Docket No. 66, Ex. 1, at 22.) This allocation plan apportions recovery based on the amount of loss class members sustained. Notably, as discussed above, only three shareholders—only one of whom is a class member—has expressed any dissatisfaction with this plan. The Court accordingly finds it fair and reasonable.

5. CONCLUSION RE: MOTION FOR FINAL APPROVAL

For the foregoing reasons, Lead Plaintiff's motion for final approval of the Settlement and the Plan of Allocation is **GRANTED**.

B. MOTION FOR ATTORNEYS' FEES, LITIGATION EXPENSES, AND LEAD PLAINTIFF'S EXPENSES

Lead Counsel has also moved for attorneys' fees, reimbursement of litigation expenses, and reimbursement of Lead Plaintiff's expenses, including lost wages.

(Docket No. 76, Mot. for Atty. Fees.)

1. ATTORNEYS' FEES

A. Legal Standard

Ninth Circuit authority provides that class action plaintiffs' attorneys' fees may be based on a percentage recovery from a common fund. See Torrisi, 8 F.3d at 1376. Twenty-five percent of the common fund is the "'benchmark' award for attorney fees." Id. (citing Six Mexican Workers v. Ariz. Citrus Growers, 904 F.2d 1301, 1311 (9th Cir. 1990) and Paul, Johnson, Alston & Hunt v. Graulty, 886 F.2d 268, 272 (9th Cir. 1989)). Courts adjust the benchmark, or replace it with a lodestar calculation, "when special circumstances indicate that the percentage recovery would be either too small or too large in light of the hours devoted to the case or other relevant factors." Id. (quoting Six Mexican Workers, 904 F.2d at 1311). Relevant factors include whether counsel achieved "[e]xceptional results," whether the case was risky for class counsel, whether counsel's performance "generated benefits beyond the class settlement fund," how the recovery compares to the market rate, and the time and expense involved. Vizcaino v. Microsoft Corp., 290 F.3d 1043, 1048–50 (9thCir. 2002). District courts can, but need not, calculate the award under the lodestar method "as a 'cross-check' of the percentage method." Id. at 1050; see also In re Coordinated Pretrail Proceedings in Petroleum Prods. Antitrust Litig., 109 F.3d 602, 607 (9th Cir. 1997).

B. Application

The Court concludes that a 25 percent fee award is appropriate in this case. Despite significant uncertainties in Plaintiffs' case, as described in Section II.A.2.a above, Lead Counsel has achieved a $10 million recovery for the class prior to any formal discovery, motions for summary judgment, or trial. In addition, as explained in Section II.A.2.d above, the settlement amount allows class members to recover a higher percentage of their damages than in the average securities class action settlement. In addition, the litigation was risky for class counsel, who represented the class on a contingency fee basis. Further, a 25 percent fee award is in line with

market rates. (See Gardner Decl., Ex. 10 (orders awarding a 22.69 percent fee from a $14 million settlement, a 25 percent fee from a $17.9 million settlement, and a 25 percent fee from a $11.8 million settlement).) Finally, counsel invested significant resources in this case, spending 2,507.2 attorney-hours and incurring over $85,000 in litigation expenses. (Gardner Decl., Ex. 6 [Declaration of Jonathan Gardner in Support of Labaton Sucharow LLP's Motion for Attorneys' Fees and Reimbursement of Litigation Expenses] ¶¶ 10, 12.) These factors all suggest that the "benchmark" 25 percent recovery is reasonable here.

Moreover, a lodestar cross-check confirms that the award is reasonable. Counsel's records show that Labaton Sucharow worked 2,507.2 hours at an average billing rate of $462 per hour, for a total of $1,158,651.50. (Gardner Decl., Ex. 6 ¶ 10.) In addition, attorneys and paralegals for Local Liaison Counsel spent 70.95 hours on the case, at an average billing rate of $471 per hour, for a total of $33,423.75. (Gardner Decl., Ex. 7 [Declaration of Lionel Z. Glancy] ¶ 4.) The total lodestar would therefore be $1,192.075.25, just under half of the $2.5 million fee that represents 25 percent of the Settlement Fund. This is reasonable. As the Ninth Circuit noted in Vizcaino, courts routinely enhance "the lodestar to reflect the risk of non-payment in common fund cases." Vizcaino, 290 F.3d at 1051. Typically, a lodestar is multiplied up to four times to yield an enhanced award. Id. at 1051 n.6. Thus, the multiplier of two here is within the range of reasonableness. The lodestar cross-check therefore confirms that a 25 percent recovery is appropriate in this case.

The Court therefore **GRANTS** Lead Counsel's motion for attorneys' fees in the amount of 25 percent of the Settlement Fund.

2. LITIGATION EXPENSES

A. Legal Standard

When analyzing requests for litigation expenses, courts are to consider whether the requested expenses "would normally be charged to a fee paying client." Trustees of Constr. Indus. & Laborers Health & Welfare Trust v. Redland Ins. Co., 460

F.3d 1253, 1257 (9th Cir. 2006).

B. Application

Lead Counsel requests $86,314.10 for expenses that it and Local Liaison Counsel have incurred in prosecuting this lawsuit. (Mot. at 20.) The expenses for, among other things, research, travel, experts, mediation, and photocopying appear reasonable, and are of the type normally charged to typical clients. These expenses are also less than the $125,000 in potential expenses referenced in the settlement notice, and none of the class members has opposed counsel's request for expenses. (Notice at 3; Gardner Reply Decl. ¶ 7). The Court therefore **GRANTS** Lead Counsel's request for reimbursement of $86,314.10 in litigation expenses, plus interest.

3. LEAD PLAINTIFF'S EXPENSES

Lead Plaintiff Kwok Wong seeks reimbursement of $21,525 in lost wages for the time spent working for the benefit of the Settlement Class. (Mot. at 22.)

A. Legal Standard

The Private Securities Litigation Reform Act ("PSLRA") provides that a class representative's recovery in a class settlement "shall be equal, on a per share basis, to the portion of the final judgment or settlement awarded to all other members of the class." 15 U.S.C. § 78u-4(a)(4). That provision, however, also provides that "[n]othing in this paragraph shall be construed to limit the award of reasonable costs and expenses (including lost wages) directly relating to the representation of the class to any representative party serving on behalf of a class." Id.

B. Application

Wong has submitted a declaration attesting that he has spent "at least 71.75 hours in this matter—35.75 hours since I was appointed Lead Plaintiff." (Gardner Decl., Ex. 8 [Declaration of Kwok Wong ("Wong Decl.")] ¶ 6.) In particular, after Wong received notice of filing of a class action in July 2008, he researched the claims and potential plaintiff class action firms to represent him as lead plaintiff. (Id. ¶ 3.) In all, he spent 36 hours researching and interviewing plaintiff class action firms. (Id. ¶ 3.)

He also spent time discussing the case with Lead Counsel, providing input regarding the litigation and settlement strategy, reviewing the pleadings, reviewing experts' analyses, and participating in the mediation. (Id. ¶ 6.) Wong has submitted an itemized statement detailing how he spent his time. (Id., Ex. A.) Wong attests that he would have otherwise spent this time devoted to his business as a "self-employed . . . professional investment manager, investing my own savings," and that he has lost business opportunities as a result. (Id. ¶ 9.) For his time spent on this case, Wong seeks reimbursement of $300 per hour, which he contends is reasonable "given [his] level of experience and expertise." (Id. ¶ 10.) Wong further represents that an hourly rate derived from his annual income would be "significantly higher than $300 per hour." (Id. ¶¶ 9, 10.)

Plaintiff presents no authority for the proposition that Wong should be reimbursed for time spent prior to his appointment as lead plaintiff in this case. Moreover, Wong's "wage," which is not described in any detail, is really the allocation of his investment earnings over the time he spends managing his own fortune. Thus, the Court cannot truly measure the opportunity cost associated with his involvement in this case. For these reasons, the Court believes that his additional award should be limited to the time spent as lead plaintiff, and on the basis of a reasonable hourly wage, which counsel contends is $300. Because other courts have approved hourly rates between $200 and $300 per hour for lead plaintiffs who, like Wong, work in the financial industry or run a business, the Court will use that figure in this action. See In re Gilat Satellite Networks, Ltd., No. CV-02-1510, *4, *19 (E.D.N.Y. Sept. 18, 2007) (granting award including a $300/hour reimbursement for time mutual funds spent managing the case); In re Charter Commc'ns, Inc., Sec. Litig., No. MDL 1506, *24–25 (E.D. Mo. June 30, 2005) (granting investment advisor company an award at a rate of $300/hour for time managing director spent on the litigation); In re Immune Response Sec. Litig., 497 F. Supp. 2d 1166, 1173–74 (S.D. Cal. 2007) (awarding Lead Plaintiff reimbursement at a $200/hour rate, based on his compensation as a CEO). The

overall award is likewise in line with other reimbursements to Lead Plaintiffs. See Cook v. Niedert, 142 F.3d 1004, 1016 (7th Cir. 1998) (approving $25,000 award to Lead Plaintiff who spent hundreds of hours on class action that resulted in a cash recovery of more than $13 million and other relief); In re Xcel Energy, Inc., Sec., Derivative, & "ERISA" Litig., 364 F. Supp. 2d 980, 1000 (D. Minn. 2005) (awarding eight lead plaintiffs a total of $100,000); In re Dun & Bradstreet Credit Servs. Customer Litig., 130 F.R.D. 366, 374 (S.D. Ohio 1990) (awarding two class representatives $55,000 each and three class representatives $35,000 each). Accordingly, the Court awards lead plaintiff $11,000 for his work with counsel. This is well within the notice to the class, which indicated that Lead Plaintiff might request up to $22,000 for his reasonable costs and expenses, including lost wages, relating to his representation of the settlement claims, and no one objected. (See Docket No. 66, Ex. 1 [Notice], at 3; Gardner Reply Decl. ¶ 7.)

For these reasons, the Court **GRANTS** the request for $11,000 to reimburse Lead Plaintiff for the time spent on this class action.

III. CONCLUSION

For the reasons explained above, the Court **GRANTS** Lead Plaintiff's motion for final approval of the class settlement and **GRANTS** Lead Counsel's motion for attorneys' fees in the amount of 25 percent of the Settlement Fund, for $86,314.10 plus interest for litigation expenses, and for $11,000 to reimburse Lead Plaintiff for his lost wages in managing this suit.

IT IS SO ORDERED.

DATED: November 16, 2010

Judge Gary Allen Feess
United States District Court

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO
Judge Robert E. Blackburn

Civil Action No. 08-cv-02048-REB-KLM

(Consolidated with Civil Action Nos. 08-cv-02055-REB-KLM, 08-cv-02078-REB-KLM, 08-cv-02267-REB-KLM, 08-cv-02420-REB-KLM, and 08-cv-02603-REB-KLM)

In re SPECTRANETICS CORPORATION SECURITIES LITIGATION

ORDER AWARDING ATTORNEY FEES AND EXPENSES

Blackburn, J.

This matter is before the Court on the **Unopposed Motion in Support of Plaintiff's Request for an Award of Attorney's Fees and Reimbursement of Expenses and Memorandum in Support Thereof** [#168][1] filed November 10, 2010. The court has considered all papers filed and proceedings conducted herein, and otherwise is fully informed in the premises. The motion is granted.

1. All of the capitalized terms used herein shall have the same meanings as set forth in the **Stipulation of Settlement** [#148] (the "Stipulation") dated September 7, 2010. This Court has jurisdiction over the subject matter of this application and all matters relating thereto.

2. This Court has jurisdiction to enter this Order awarding attorneys' fees and litigation expenses and over the subject matter of the Consolidated Complaint and all parties to the consolidated Action including all Class Members.

3. Lead Counsel is entitled to a fee paid out of the common fund created for the

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[1] "[#168]" is an example of the convention I use to identify the docket number assigned to a specific paper by the court's case management and electronic case filing system (CM/ECF). I use this convention throughout this order.

benefit of the Class. ***Boeing Co. v. Van Gemert***, 444 U.S. 472, 478-79 (1980). In class action suits where a fund is recovered and fees are awarded therefrom by the court, the Supreme Court has indicated that computing fees as a percentage of the common fund recovered is the proper approach. ***Blum v. Stenson***, 465 U.S. 886, 900 n.16 (1984) (dictum). The Tenth Circuit recognizes the propriety of the percentage-of-the fund method when awarding fees. ***See Rosenbaum v. MacAllister***, 64 F.3d 1439, 1445 (10th Cir. 1995).

4. This case is controlled by the Private Securities Litigation Reform Act of 1995 (PSLRA). The PSLRA provides that the "[t]otal attorneys' fees and expenses awarded by the court to counsel for the plaintiff class shall not exceed a reasonable percentage of the amount of any damages and prejudgment interest actually paid to the class." 15 U.S.C. § 78u-4(a)(6). This provision is consistent with case law adopting the common fund doctrine. Under the common fund doctrine, attorneys who pursue litigation on behalf of a class, and whose efforts create a common fund for the benefit of the class, are entitled to an award of attorney fees from the common fund. ***See, e.g., Brown v. Phillips Petroleum Co.***, 838 F.2d 451, 454 (10th Cir. 1988). This ensures that the fund's beneficiaries share in the cost of creating the fund. ***Id***.

5. Notice of Lead Counsel's motion for attorneys' fees and reimbursement of litigation expenses was given to all Class Members who could be identified with reasonable effort. The form and method of notifying the Class of the motion for attorneys' fees and litigation expenses met the requirements of due process, Rule 23 of the Federal Rules of Civil Procedure and Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995, and constituted the best notice practicable under the

circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

6. Lead Counsel has moved for an award of attorney fees of 28% of the gross Settlement Fund, or 2,380,000 dollars, plus interest at the same rate as that earned by the gross Settlement Fund. Lead Counsel's fee and expense application has the support of Lead Plaintiff.

7. This Court concludes that the percentage-of-recovery is appropriate for awarding attorneys' fees in this Action and hereby adopts said method for purposes of this Action.

8. The Court finds that a fee award of twenty-eight percent (28%) of the gross Settlement Fund is consistent with awards made in similar cases. ***See, e.g., McNeely v. Nat'l Mobile Health Care, LLC***, No. 07-933, 2008 U.S. Dist. LEXIS 86741, at *46 (W.D. Okla. Oct. 27, 2008) ("Fees in the range of at least one-third of the common fund are frequently awarded in class action cases of this general variety.").

9. Accordingly, the Court hereby awards attorney fees of twenty-eight percent (28%) of the gross Settlement Fund, or 2,380,000 dollars, plus interest at the same rate as that earned by the Settlement Fund. The Court finds the fee award to be fair and reasonable. Said fees shall be allocated among Lead Counsel in a manner in which they believe reflects each counsel's contribution to the prosecution and resolution of the Action.

10. In making this award of attorneys' fees and expenses, the Court has analyzed the factors considered within the Tenth Circuit as set forth in ***Gottlieb v. Barry***, 43 F.3d 474 482 n.4 (10th Cir. 1994) (***citing Johnson v. Georgia Highway Express, Inc.***, 488 F.2d 714, 717-19 (5th Cir. 1974). In evaluating these factors, the

Court finds that:

a) Lead Counsel has conferred a substantial benefit to the Class.

b) Lead Counsel has expended considerable time and labor over the course of the Action investigating, analyzing and prosecuting the claims. This is evidenced by the Lead Counsel's practice before the Court and Lead Counsel's representations that they have: thoroughly investigated the claims asserted; researched and drafted pleadings; litigated two motions to dismiss; interviewed numerous witnesses with knowledge of the facts contained in the pleadings; obtained and reviewed filings with Securities and Exchange Commission ("SEC"), as well as press releases and other pertinent documents; thoroughly researched the law relevant to the claims against Defendants; litigated a motion to strike certain confidential informant allegations; developed extensive factual and damages analyses in consultation with Plaintiff's expert; engaged in arm's length settlement negotiations, including a mediation before United States District Judge, the Honorable Nicholas H. Politan, (Ret.), and advocated for a substantial settlement for the Class. The services provided by Lead Counsel appear to have been successful and efficient, resulting in an outstanding recovery for the Class without the substantial expense, risk, and delay of continued litigation and trial. Such efficiency and effectiveness supports the requested fee percentage.

c) In this contingent litigation, Lead Counsel faced considerable risks of no recovery throughout the litigation, given, among other things, Defendants' scienter, loss causation and damages defenses.

d) This Action required skill and raised novel and complex issues relating to, among other things, proving securities fraud based on false and misleading statements made in connection with Spectranetics compliance with FDA rules and regulations. Also, cases brought under the federal securities laws are notoriously difficult and uncertain. Such cases are often seen as undesirable. Despite the novelty and difficulty of the issues raised, Lead Counsel secured an excellent result for the Class.

e) There have been no objections to the fee or expense request that cast doubt on the reasonableness of the request.

f) Lead Counsel are very experienced and skilled practitioners in the securities litigation field, and have considerable experience and capabilities as class action specialists. Their efforts in efficiently bringing the Action to a successful conclusion against the Defendants conferred a substantial benefit to the Class.

11. To the extent other factors considered in ***Gottlieb*** and ***Johnson*** are not considered in this order, I find and conclude that those factors carry no significant weight in the analysis of the request for an award of attorney fees.

12. Lead Counsel's total lodestar is 2,182,958 dollars. A twenty-eight percent (28%) fee represents a multiplier of 1.09. This further supports the Court's finding that the fee request is fair, adequate, and reasonable. ***See e.g., Rabin v. Concord Assets Group, Inc.***, No. 89-6130, 1991 U.S. Dist. LEXIS 18273, at *4 (S.D.N.Y. Dec. 19, 1991) (multiplier of 4.4); ***Kurzweil v. Philip Morris Cos., Inc.***, No. 94-2373, 94-2546, 1999 U.S. Dist. LEXIS 18378, at *8 (S.D.N.Y. Nov. 24, 1999) (recognizing that multipliers of between 3 and 4.5 are common); ***Van Vranken v. Atlantic Richfield Co.***, 901 F. Supp.

294, 298 (N.D. Cal. 1995) ("Multipliers in the 3 - 4 range are common in lodestar awards for lengthy and complex class action litigation.").

13. Lead Counsel has requested also an award of reimbursement of expenses in the amount of 77,684.31 dollars, plus interest at the same rate as that earned by the gross Settlement Fund. Having reviewed the expense information submitted by Lead Counsel, the Court hereby approves the requested amount and awards expenses of 77,684.31 dollars plus interest at the same rate as that earned by the Settlement Fund.

14. The awarded attorney fees and expenses of Lead Counsel shall be paid immediately after the date this Order is entered subject to the terms, conditions, and obligations of the Stipulation, which terms, conditions, and obligations are incorporated herein.

15. Exclusive jurisdiction is hereby retained over the parties and the Class Members for all matters relating to this Consolidated Action, including the administration, interpretation, effectuation or enforcement of the Stipulation and this Order, including any further application for fees and expenses incurred in connection with administering and distributing the Settlement proceeds to the members of the Class.

16. Any appeal or any challenge affecting this Court's approval regarding any attorney fees and expense application shall in no way disturb or affect the finality of the Judgment.

17. In the event that the Settlement is terminated or does not become Final in accordance with the terms of the Stipulation, this Order shall be rendered null and void to the extent provided by the Stipulation and shall be vacated in accordance with the Stipulation.

18. There is no just reason for delay in the entry of this Order, and immediate entry by the Clerk of the Court is expressly directed.

Dated April 4, 2011, at Denver, Colorado.

BY THE COURT:

Robert E. Blackburn
United States District Judge

ORIGINAL

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF TEXAS

DALLAS DIVISION

In re ZALE CORPORATION SECURITIES LITIGATION	§	Master File No. 3:06-cv-01470-N
	§	
	§	**ECF**
	§	CLASS ACTION

ORDER AWARDING ATTORNEY FEES AND EXPENSES

THIS MATTER having come before the Court on the application of counsel for the Lead Plaintiffs for an award of attorney fees and expenses incurred in the Litigation; the Court, having considered all papers filed and proceedings conducted herein, having found the settlement of this Litigation with the Defendants to be fair, reasonable and adequate and otherwise being fully informed in the premises and good cause appearing therefore;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. This Court has jurisdiction over the subject matter of this application and all matters relating thereto, including all members of the Class who have not timely and validly requested exclusion.

2. Counsel for the Lead Plaintiffs are entitled to a fee paid out of the common fund created for the benefit of the Class. *Boeing Co. v. Van Gemert*, 444 U.S. 472, 478-79 (1980). In class action suits where a fund is recovered and fees are awarded therefrom by the court, the Supreme Court has indicated that computing fees as a percentage of the common fund recovered is the proper approach. *Blum v. Stenson*, 465 U.S. 886, 900 n.16 (1984). The Fifth Circuit recognizes the propriety of the percentage fee method where each member of a class has an "'undisputed and mathematically ascertainable claim to part of [a] judgment.'" *Strong v. BellSouth Telecomms.*, 137 F.3d 844, 852 (5th Cir. 1998) (citation omitted).

3. Lead Plaintiffs' Counsel have moved for an award of attorney fees in the amount of 25% of the $5,900,000.00 Settlement Fund.

4. This Court adopts the percentage-of-recovery method of awarding fees in this case, and concludes that the percentage of the benefit is the proper method for awarding attorney fees in this case.

5. The Court hereby awards attorney fees of 25% of the Settlement Fund, plus interest at the same rate as earned on the Settlement Fund. The presumption that a 25% fee award is reasonable

here, based on the circumstances of this case, has not been rebutted. The Court finds the fee award to be fair and reasonable. The Court further finds that a fee award of 25% of the Settlement Fund is consistent with, if not less than, awards made in similar cases. *See, e.g., Shaw v. Toshiba Am. Info. Sys.*, 91 F. Supp. 2d 942, 972 (E.D. Tex. 2000) ("[B]ased on the opinions of other courts and the available studies of class action attorneys' fee awards (such as the NERA study), this Court concludes that attorneys' fees in the range from twenty-five percent (25%) to [33-1/3%] have been routinely awarded in class actions."). Indeed, courts throughout this Circuit regularly award fees of 25% and more often 30% or more of the total recovery under the percentage-of-the-recovery method.

6. Said fees shall be allocated among counsel for Lead Plaintiffs by Lead Plaintiffs' Counsel in a manner which, in their good faith judgment, reflects each counsel's contribution to the institution, prosecution and resolution of the Litigation.

7. The Court hereby awards expenses in an aggregate amount of $94,018.50.

8. A total of 12,862 copies of the Notice of Pendency and Proposed Settlement of Class Action were disseminated to putative Class Members indicating that Lead Plaintiffs' Counsel would move for attorney fees in the amount of up to 25% of the Settlement Fund and for reimbursement of expenses not to exceed $150,000.00;

9. The Court finds that Lead Plaintiffs' Counsel have conducted the litigation and achieved the Settlement with skill, perseverance and diligent advocacy;

10. Had Lead Plaintiffs' Counsel not achieved the Settlement there would remain a significant risk that the Class may have recovered less or nothing from the Defendants; and

11. The awarded attorney fees and expenses shall be paid to Lead Plaintiffs' Counsel from the Settlement Fund, subject to the terms, conditions and obligations of the Stipulation of Settlement dated as of February 11, 2008, and in particular ¶6.38 thereof, which terms and conditions are incorporated herein.

IT IS SO ORDERED.

DATED: 7/10/08

THE HONORABLE DAVID C. GODBEY
UNITED STATES DISTRICT JUDGE