

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA**

In re)
CARTER'S, INC.)
SECURITIES LITIGATION) Civil Action No. 1:08-CV-2940-AT
)

**DECLARATION OF JONATHAN GARDNER IN SUPPORT
OF LEAD PLAINTIFF'S MOTION FOR FINAL APPROVAL OF
CLASS ACTION SETTLEMENT AND PLAN OF ALLOCATION
AND LEAD COUNSEL'S MOTION FOR ATTORNEYS' FEES AND
REIMBURSEMENT 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 Plymouth County Retirement System (“Lead Plaintiff” or “Plymouth”) and the proposed Settlement Class in the above-captioned class action (the “Consolidated Action”).¹ I am admitted to practice before this Court.

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 Consolidated Action.

3. I respectfully submit this declaration in support of Lead Plaintiff’s motion, pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, for final approval of the settlement of the remaining claims in the Consolidated Action against defendant PricewaterhouseCoopers LLP (“PwC”) for \$3,300,000 in cash (the “PwC Settlement” or “Settlement”), and the plan of allocation for distribution

¹ All capitalized terms used herein, unless otherwise defined, have the same meaning as that set forth in the Stipulation and Agreement of Settlement with PricewaterhouseCoopers LLP, dated April 24, 2013 (the “Stipulation”) (ECF No. 156-3).

of the net settlement proceeds (the “Plan of Allocation”).² I also submit this declaration in support of Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of counsel’s expenses incurred during the prosecution or resolution of the Consolidated Action.

4. Both the PwC Settlement and Lead Counsel’s motion for attorneys’ fees and reimbursement of litigation expenses have the support of Lead Plaintiff. *See* Declaration of William R. Farmer, Executive Director of Plymouth County Retirement System, in Support of Lead Plaintiff’s Motion for Final Approval of Class Action Settlement and Lead Counsel’s Motion for an Award of Attorneys’ Fees and Reimbursement of Litigation Expenses, annexed hereto as Ex. 1.

5. Lead Plaintiff previously settled all claims against Carter’s and the individual defendants for \$20,000,000 (the “Carter’s Settlement”). The Court entered a final order and judgment with respect to the Carter’s Settlement on June 1, 2012. ECF No. 130. Lead Counsel’s previous motion for fees and expenses in the Carter’s Settlement was for all fees and expenses incurred in connection with

² 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.

the prosecution or resolution of the Consolidated Action from inception until April 13, 2012. Accordingly, Lead Counsel's motion for attorneys' fees and reimbursement of litigation expenses in connection with the PwC Settlement will be for all fees and expenses incurred in litigating or resolving the Consolidated Action since April 13, 2012, *i.e.*, from April 14, 2012 through August 16, 2013.

I. THE BENEFITS TO THE SETTLEMENT CLASS

6. The PwC Settlement, which the Court preliminarily approved in its May 21, 2013 Preliminary Approval Order Providing for Notice and Hearing in Connection With Proposed Class Action Settlement with PricewaterhouseCoopers LLP (the "Preliminary Approval Order") (ECF No. 159), provides for the gross payment of \$3,300,000 to secure a settlement of the remaining claims alleged in the Consolidated Action against PwC. If approved, the PwC Settlement will finally resolve the Consolidated Action and release all claims (and related claims) against PwC in the Consolidated Action.

7. PwC has not admitted liability or any wrongdoing as part of the PwC Settlement, and vigorously maintains that it is not liable to the Settlement Class.

8. All eligible Settlement Class Members who timely submit valid Proofs of Claim (or who previously submitted a timely claim in the Carter's Settlement) 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 Funds for both settlements at a future date, once the administration is completed.

9. Those Settlement Class Members who previously submitted a proof of claim in connection with the Carter's Settlement by May 21, 2013 (the date the Court preliminarily approved the PwC Settlement) need not submit another proof of claim for the PwC Settlement, as the previously submitted proof will be used to determine payment eligibility for the PwC Settlement. To be eligible for payment in the PwC Settlement, which relates only to claims regarding the accommodations fraud, Settlement Class Members must have purchased Carter's common stock, or purchased a call option on Carter's common stock, or sold a put option on Carter's common stock, in the "Eligibility Period" from March 16, 2005 through November 9, 2009 inclusive. The two alleged disclosure dates relating to the accommodations fraud are October 27, 2009 and November 10, 2009.

10. The PwC Settlement provides an immediate and substantial recovery to Carter's investors, who faced a significant risk of no recovery at all from PwC. Indeed, the risks of complex securities litigation are magnified against outside

auditing firms like PwC. For example, the claims could be dismissed on PwC's pending motion for reconsideration, for failure to satisfy the pleading standards of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), or after PwC's likely motion for summary judgment following the completion of fact and expert discovery.

11. As set forth below, PwC's defenses include that its audits complied with all professional standards, and that corporate insiders concealed the fraud from PwC and Carter's internal accounting department by creating false documentation regarding accommodations. Moreover, PwC could assert that independent investigations by the United States Department of Justice ("DOJ"), the U.S. Securities and Exchange Commission ("SEC"), and Carter's independent audit committee are inconsistent with Lead Plaintiff's theory of scienter as alleged in the Second Amended Complaint. Even if Lead Plaintiff were to establish liability, PwC would likely argue that Lead Plaintiff could not demonstrate a corrective disclosure regarding PwC and that the PSLRA's proportionate liability, 90 day look-back rule, and settlement set-off provisions would apply to reduce any recovery.

12. Even if the Second Amended Complaint survived PwC's motion for reconsideration, Lead Plaintiff would still need to overcome additional hurdles

before the Settlement Class could possibly recover any damages, including class certification, summary judgment, and trial. Given these and other difficulties that the Settlement Class faced in pursuing the claims against PwC, the PwC Settlement provides an excellent and immediate guaranteed recovery.

13. Lead Plaintiff's consulting damages expert estimated that Lead Plaintiff's aggregate damages attributable to the accommodations fraud, the only fraud alleged against PwC, was \$64.5 million. Thus, the \$3.3 million Settlement Amount represents approximately 5% of the maximum recoverable amount, and a very good recovery against an external auditor. When combined with the \$20 million settlement amount in the Carter's Settlement, the total settlement recovery is \$23.3 million, or approximately 36% of the maximum recoverable amount attributable to the accommodations fraud, a strong overall result for the Settlement Class.

14. The PwC Settlement was reached only after extensive investigative efforts by Lead Counsel. Lead Counsel identified 168 potential witnesses, contacted 114 potential witnesses, and interviewed approximately 68 third parties. Lead Counsel also conducted a thorough review of publicly available information, prepared and filed three detailed consolidated complaints, and researched and prepared Lead Plaintiff's oppositions to: (1) PwC's motion to dismiss the First

Amended Complaint; (2) PwC's subsequent motion to dismiss the Second Amended Complaint; and (3) PwC's motion for reconsideration following the Court's denial of the motion to dismiss. Lead Counsel consulted an accounting expert regarding the substantive accounting issues in the alleged accommodations fraud, and further explored the factual and legal issues regarding loss causation by consulting a damages expert. Lead Counsel also performed confirmatory discovery, reviewing the workpapers PwC produced to the SEC during its investigation of Carter's. These efforts provided Lead Plaintiff with a clear understanding of the strengths and weaknesses of its claims before it entered into the PwC Settlement.

15. The negotiations leading up to the PwC Settlement were also hard-fought, and efforts to settle the claims were successful only after a full day of mediation before former United States District Court Judge Layn R. Phillips ("Judge Phillips"). Judge Phillips is a former Assistant United States Attorney in the Central District of California and a former United States Attorney for the Northern District of Oklahoma. He was appointed and served as a United States District Judge in the Western District of Oklahoma. After he resigned from the federal bench, he joined Irell & Manella LLP, where he specializes in complex civil litigation and mediations. Judge Phillips is one of the most experienced and

respected mediators in the United States in securities class actions and has mediated countless securities class action settlements.

16. Based on this declaration and for the reasons set forth in the accompanying memoranda,³ Lead Plaintiff respectfully submits that the terms of the PwC Settlement and Plan of Allocation are fair, reasonable, and adequate in all respects and that the Court should approve those terms pursuant to Rule 23(e). 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

17. Lead Plaintiff moved for preliminary approval of the Settlement on April 25, 2013. ECF No. 156. On May 21, 2013, the Court issued its Preliminary Approval Order, *see* Ex. 2, annexed hereto:

- (a) granting preliminary approval to the PwC Settlement as sufficiently fair, reasonable, and adequate to warrant dissemination of notice to the Settlement Class;
- (b) preliminarily certifying the Consolidated Action as a class action on behalf of the Settlement Class for the purposes of settlement only;

³ Also submitted herewith are: (1) Lead Plaintiff's Memorandum of Law in Support of Motion for Final Approval of Class Action Settlement and Plan of Allocation; and (2) Lead Counsel's Memorandum of Law in Support of Motion for Attorneys' Fees and Reimbursement of Litigation Expenses.

- (c) preliminarily certifying Lead Plaintiff as Class Representative and Labaton Sucharow LLP as Class Counsel, and Harris Penn Lowry DelCampo, LLP (n/k/a Harris Penn Lowry, LLP) (“Harris Penn”) as Liaison Counsel;
- (d) scheduling a hearing (the “Settlement Hearing”) for October 8, 2013 at 11:00 a.m. to determine whether (1) the proposed PwC Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable and adequate to the Settlement Class and should be granted final approval by the Court; (2) the Judgment as provided under the Stipulation should be entered; (3) the proposed Plan of Allocation should be finally approved; (4) the Settlement Class should be finally certified for purposes of effectuating a settlement; and (5) Lead Counsel’s application for attorneys’ fees and expenses should be granted;
- (e) approving the form, substance and requirements of the Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP and Motion for Attorneys’ Fees and Expenses (“Notice”), Summary Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP and Motion for Attorneys’ Fees and Expenses (“Summary Notice”) and the Proof of Claim and Release form (“Proof of Claim”) and approving the plan for mailing and distribution of the Notice and publishing of the Summary Notice;
- (f) appointing Epiq Class Action & Claims Solutions, Inc. (“Epiq”) to administer the notice program and PwC Settlement, under the supervision of Lead Counsel; and
- (g) establishing procedures and deadlines for providing notice to the Settlement Class and for Settlement Class Members to exclude themselves from the Settlement Class or to object to the PwC Settlement, Plan of

Allocation, and/or the application for attorneys' fees and reimbursement of expenses.

18. Annexed hereto as Ex. 3 is the Declaration of Claims Administrator dated August 28, 2013. Pursuant to the Preliminary Approval Order, and under Lead Counsel's supervision, Epiq mailed 115,822 copies of the Notice and Proof of Claim (together, the "Notice Packet") to all potential Settlement Class Members that did not file a claim in the Carter's Settlement, and to known brokers/nominees. *Id.* ¶¶8, 11-13. If a potential Settlement Class Member filed a claim in connection with the Carter's Settlement, Epiq mailed a copy of the Notice and a letter explaining that the potential Settlement Class Member's claim from the previous Carter's Settlement will automatically be processed as a claim for the PwC Settlement. *Id.* ¶9. 4,012 such Notices and letters were mailed. *Id.* In total, almost 120,000 Notices, either with a Proof of Claim or with a letter, were mailed to potential Settlement Class Members.

19. Epiq and Lead Counsel also made the Notice and Proof of Claim readily available at www.carterssecuritieslitigation.com, and on the website of Lead Counsel, www.labat.com. In further compliance with the Preliminary Approval Order, Epiq caused the Summary Notice to be timely published in *Investor's Business Daily* and transmitted over *PR Newswire*. *Id.* ¶15.

20. The Notice describes, *inter alia*, the claims asserted against PwC in the Consolidated Action, the Settling Parties' contentions, the course of the Consolidated Action, the terms of the PwC Settlement, the Plan of Allocation, and Settlement Class Members' right to object to the PwC Settlement or to seek exclusion from the Settlement Class. Ex. 2-A.⁴ The Notice advised that Settlement Class Members that already submitted a claim in connection with the earlier Carter's Settlement did not need to submit another claim, because the previously-submitted claim would be used to determine payment eligibility for the PwC Settlement. *Id.* at 1, 5. The Notice provides the deadlines for objecting to the PwC Settlement, seeking exclusion from the Settlement Class, and advises potential Settlement Class Members of the scheduled Settlement Hearing. *Id.* at 1, 6-8. The Notice also notifies Settlement Class Members that aggregate attorneys' fees requested by Lead Counsel will not exceed 30% of the Settlement Fund and aggregate litigation expenses will not exceed \$200,000, with interest earned on both amounts at a rate equal to the interest earned by the Settlement Fund. *Id.* at 2, 7.

⁴ 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 designation within the exhibit itself.

21. Although the dates for objecting to the Settlement and seeking exclusion from the Settlement Class have not yet passed, as discussed more fully *infra*, to date only one investor has requested exclusion from the Settlement Class and that exclusion is not valid, and no objections have been received.⁵ Following the September 17, 2013 deadline for exclusions and objections, Lead Plaintiff will report on any exclusions and objections in its reply papers.

III. SUMMARY OF ALLEGATIONS AND CLAIMS

A. The Settling Parties

22. The proposed PwC Settlement resolves claims against PwC and its related parties brought on behalf of purchasers of Carter's publicly traded securities between March 16, 2005 and November 10, 2009, inclusive (the "Class Period"), for violations of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act").

23. Lead Plaintiff is an institutional investor that represents more than 9,700 active and retired public employees and is one of the largest public retirement systems in the Commonwealth of Massachusetts, managing

⁵ Pursuant to the Notice, requests for exclusion must be mailed to Epiq and postmarked no later than September 17, 2013, and objections must be received or postmarked for delivery to counsel for the Parties no later than September 17, 2013.

approximately \$636 million in assets. ¶32.⁶ Lead Plaintiff purchased more than 61,000 shares of Carter's common stock during the Class Period at allegedly artificially inflated prices and suffered damages as a result of PwC's alleged violations of the securities laws. ECF No. 45.

24. Defendant PwC has been Carter's outside auditor since at least the Company's initial public offering in October 2003. PwC provided audit-related services to the Company during this period, including the issuance of an unqualified opinion on the Company's 2005, 2006, 2007 and 2008 Forms 10-K regarding the Company's consolidated financial statements, and the sufficiency of the Company's internal controls over financial reporting, in each of those years. ¶43.

B. The Alleged Conduct

25. On July 20, 2011, Lead Plaintiff filed the Second Amended Complaint against Carter's, Frederick J. Rowan, II ("Rowan"), Joseph Pacifico ("Pacifico"), Michael D. Casey ("Casey"), Andrew North ("North"), Charles E. Whetzel, Jr. ("Whetzel"), Joseph M. Elles ("Elles"), and PwC. *See* ECF No. 97. The Second Amended Complaint is the operative complaint and alleges violations of the Exchange Act arising from misstatements and omissions allegedly made in

⁶ "¶" refers to paragraphs in the Second Amended Complaint.

connection with Carter's publicly-filed financials concerning (1) growth prospects of OshKosh; and (2) alleged "smoothing" of Carter's financial results through improper manipulation of accommodation payments.⁷ The only claims alleged against PwC concerned the manipulation of accommodations as reflected in Carter's audited consolidated year-end financial statements.

26. Carter's provides earnings guidance and announces financial results quarterly. The Second Amended Complaint alleged that a company's ability to consistently meet earnings guidance is viewed by the market as an indicator of management's skill and credibility. ¶4. The Second Amended Complaint further alleged that, rather than legitimately achieving this consistency, certain key Carter's executives improperly "smoothed" Carter's core financials by manipulating accommodation payments, which are normally deducted from earnings. Thus, in a quarter with lower than expected earnings (or higher than expected accommodation payments), these executives allegedly "booked" accommodations in other quarters that could absorb them without causing Carter's to miss guidance. ¶¶8, 70.

⁷ "Accommodations" and "accommodation payments" are used interchangeably throughout this declaration.

27. Accommodations, also known as “margin support,” are a core business feature in the retail industry. The Second Amended Complaint detailed how, in the normal course of business, Carter’s granted certain accommodations to its wholesale customers to assist with inventory clearance or promotions (in effect, paying its customers to help sell Carter’s goods, a necessary incentive in an industry that requires customers to place orders months in advance of actual retail sales). The Second Amended Complaint alleged that, accordingly, Carter’s net sales were reduced by the amount used to accommodate the customer’s costs. ¶59.

28. The Second Amended Complaint further alleged that Carter’s budgeted accommodations for particular customers based on advance wholesale orders, and for some customers it guaranteed a certain amount in accommodations. However, under General Accepted Accounting Principles (“GAAP”), the accommodations had to be booked and deducted from earnings in the same period in which the product was delivered to the wholesale customers to sell in retail stores. If the clothes sold more poorly than expected, the customer might demand a bigger accommodations payment, which would be charged against earnings in that same period, as required by GAAP. ¶¶8, 129. The Second Amended Complaint alleged that Carter’s key financial metrics (including year-to-date sales

and earnings per share), which derived from net sales, were all affected by accommodations-related reductions in net sales. ¶82.

29. As Carter's outside auditor, PwC was responsible for conducting annual audits and quarterly reviews of Carter's financial statements under the relevant auditing standards, to obtain reasonable assurance that they were free of material misstatements caused by error or fraud. ¶43.

30. The Second Amended Complaint alleged that PwC regularly met with Casey (Carter's CFO and later CEO during the Class Period) and North (VP of Finance and interim CFO) to discuss Carter's finances on "clearance calls" that typically occurred the night before Carter's quarterly earnings calls. ¶181. The Second Amended Complaint further alleged that Carter's tracked its accommodation payments in detailed quarterly "flux" balance sheets, made available to PwC, that showed accommodations by customer account. ¶222.

31. For each of Carter's fiscal years from 2004 through 2008, PwC issued unqualified or "clean" opinions stating that (1) Carter's financial statements were prepared in accordance with GAAP and free of material misstatement; (2) Carter's maintained effective internal controls over financial reporting and that internal controls were free of material weaknesses; and (3) PwC conducted its audits in accordance with Generally Accepted Auditing Standards ("GAAS"). By issuing

these opinions, PwC allegedly further represented that it (1) obtained an understanding of Carter's internal controls over financial reporting; (2) evaluated management's assessment of internal controls; (3) tested and evaluated the design and operating effectiveness of Carter's internal controls; and (4) performed other necessary audit procedures. ¶¶189-93.

32. The Second Amended Complaint alleged how, over the course of almost six years, PwC failed to comply with audit documentation standards by ignoring financial evidence that would have alerted a reasonable auditor to the existence of fraud. For example, PwC allegedly failed to (1) notice any suspicious discrepancies in Carter's quarterly flux balance sheet/income statements, even when the discrepancies were obvious to Carter's current employees and third parties, ¶222; (2) obtain customer confirmations of Carter's accounts receivable ("A/R") and related sales terms, a basic test in the retail industry, ¶¶202, 215; (3) conduct other basic audit tests normally undertaken in the sales context that would have detected the manipulation of accommodations, ¶232; and (4) consider known risk factors, including management's excessive focus on maintaining Carter's stock price, and the incentives created by tying a significant portion of Defendants' cash earnings to Carter's core financial metrics, ¶¶207-08.

33. The Second Amended Complaint further alleged that PwC ignored several red flags that would have alerted a reasonable auditor to the possibility of fraud, including multiple material weaknesses in internal controls and the absence of any written policy on accommodations payments. ¶¶228, 230.

34. PwC allegedly also had an inappropriately close relationship with Carter's management. Key financial positions at Carter's were filled with former PwC auditors. Casey was formerly a senior manager at the Connecticut office of PwC's predecessor company, Price Waterhouse LLP, and North was a former auditor there. The same Connecticut office was responsible for auditing Carter's. ¶11. Prior to joining Carter's, Casey allegedly was the lead accountant responsible for the Carter's account, ¶183, and the majority of Carter's finance and accounting personnel were Casey's former PwC colleagues. ¶68.

35. The Second Amended Complaint alleged that throughout the Class Period, North, as VP of Finance, would supervise both internal and external audit functions at Carter's, with PwC reporting directly to him. ¶63. The Second Amended Complaint further alleged that PwC ignored the conflict inherent in Carter's internal auditing department reporting to its finance officers, ¶231, a red flag that would have alerted a reasonable auditor to the possibility of fraud.

36. PwC denies all liability and any alleged wrongdoing.

C. The Truth Regarding the Accommodations Fraud is Allegedly Disclosed

37. Carter's new CFO, Richard F. Westenberger ("Westenberger"), was hired in January 2009. ¶141. A few weeks before Carter's was to release third quarter 2009 results, and following his own independent review, Westenberger traveled to Kohl's, one of Carter's largest customers, to discuss disputed accommodations and confirm A/R, a key financial metric. ¶142.

38. Following Westenberger's return and his demand for a full review of Carter's accounting practices, Carter's announced on October 27, 2009 that it would delay its earnings release to review its accounting for margin support to its wholesale customers. Carter's stock price plummeted 23%. ¶144.

39. On November 9, 2009, Carter's announced that, following the accounting review, the Company would restate its financials for a period of almost six years (the "Restatement") – the majority of the time since the Company went public in late 2003 – triggering a further 14% price drop. ¶145.

40. Carter's issued its Restatement on January 15, 2010, restating annual figures for fiscal years 2004-2006, quarterly and annual figures for 2007 and 2008, and figures for the first two quarters of 2009 (indicating that improper booking of accommodations occurred throughout the Class Period). ¶146. The Restatement also revealed that Carter's began 2004 with a material overstatement of earnings,

such that its 2003 financials were also materially false and misleading. The Company's December 23, 2009 press release labeled the 2003 overstatement amount an "Accommodations adjustment." ¶147.

41. Following the Company's announcement that it would need to restate its financials, both the SEC and DOJ launched investigations. The SEC investigated the Company for over a year, reviewing thousands of pages of documents produced by Carter's, Kohl's and PwC. Following its investigation, the SEC filed a complaint against Elles⁸ on December 20, 2010 (the "SEC Elles Action"), alleging that Elles fraudulently manipulated Carter's accommodation payments over a period of more than five years.⁹ Elles subsequently filed an answer to the SEC complaint stating, *inter alia*, that Carter's senior management instructed him to manipulate accommodation payments. ¶¶160-175; *see also* Joseph M. Elles's Answer in the SEC Elles Action, ¶¶23, 30, 31, 37, 41, 43, 46, 47.

IV. PROCEDURAL HISTORY OF THE CONSOLIDATED ACTION

42. In September 2008, Plymouth filed the initial proposed class action

⁸ Elles was Carter's Executive Vice President of Sales during the Class Period, until his departure from the Company in March 2009. ¶40.

⁹ On September 21, 2011 a federal grand jury indicted Elles for fraudulently manipulating accommodation payments. *See* 1:11-cr-00445 (UNA), ECF No. 1. On March 20, 2012, a superseding indictment was filed that added Pacifico

complaint against Carter's, certain of its officers and directors, and other defendants in the United States District Court for the Northern District of Georgia. ECF No. 1. On March 13, 2009, the Court appointed Plymouth as Lead Plaintiff, Labaton Sucharow as Lead Counsel, and Page Perry LLC as Liaison Counsel¹⁰ to represent the putative class. ECF No. 22. Lead Plaintiff filed the Amended Class Action Complaint for Violations of Federal Securities Laws (the "Plymouth Complaint") on May 12, 2009. ECF No. 23. The Plymouth Complaint asserted claims under Sections 10(b), 20(a), and 20A of the Exchange Act arising from alleged misstatements and omissions regarding the growth prospects of OshKosh. On July 17, 2009, Carter's, Rowan, Pacifico, Casey and Whetzel moved to dismiss the Plymouth Complaint (ECF No. 29), which Lead Plaintiff opposed on September 11, 2009 (ECF No. 33).

43. On November 24, 2009, the Court (Forrester, J.) consolidated the case with a second putative class action, *Myloie v. Carter's, Inc., et al.*, No. 1:09-cv-

(Carter's President until December 21, 2009) as a defendant. *Id.*, ECF No. 50; *see also* ¶36.

¹⁰ By order entered June 17, 2010 (ECF No. 78), the Court agreed to the substitution of Evangelista & Associates, LLC as Liaison Counsel for Lead Plaintiff and the proposed class, and by motion filed April 3, 2012 (ECF No. 120), the Court was asked to substitute Harris Penn as Liaison Counsel for Evangelista & Associates, LLP. The Court entered the Order substituting Harris Penn as Liaison Counsel on May 31, 2012. ECF No. 128.

03196-JOF. ECF No. 39. On January 15, 2010, in light of the *Myloie* action, Carter's new announcement that the Company would restate certain of its financial statements, and Lead Plaintiff's subsequent intention to amend the Plymouth Complaint, the Court denied the July 17, 2009 motion to dismiss as moot with leave to renew (ECF No. 43).

44. Lead Plaintiff and additionally named plaintiff Scott Myloie ("Plaintiffs") filed the First Amended Complaint on March 15, 2010, adding defendants North and Carter's auditor, PwC. ECF No. 51. The First Amended Complaint alleged violations of the Exchange Act arising from misstatements and omissions made in connection with Carter's publicly-filed financials that concerned the growth prospects of OshKosh and the alleged "smoothing" of Carter's financial results through manipulation of accommodations payments.

45. On April 30, 2010, each of the defendants moved to dismiss the First Amended Complaint. ECF Nos. 66-72. The motions were opposed by Lead Plaintiff on June 14, 2010 (ECF No. 77) and were fully submitted by July 23, 2010. By the dismissal order entered March 17, 2011 (ECF No. 90), the Court (Forrester, J.) granted defendants' motions to dismiss in their entirety and gave Lead Plaintiff leave to amend. Immediately following the dismissal order, the Consolidated Action was reassigned to the Hon. Amy Totenberg.

46. On July 20, 2011, Lead Plaintiff filed the Second Amended Complaint, adding defendant Elles and additional allegations that developed since the filing of the First Amended Complaint. ECF No. 97. The Second Amended Complaint is the operative complaint and alleges violations of the Exchange Act.

47. By consent order entered August 8, 2011 (ECF No. 100), the Court stayed all proceedings so that Lead Plaintiff, Carter's and the individual defendants could pursue a potential negotiated resolution of the asserted claims. The Settling Parties engaged Judge Phillips, an impartial and experienced mediator, to assist them in their negotiations. On November 1, 2011, the Settling Parties met with Judge Phillips for a full day in-person mediation session in an attempt to reach a settlement.

48. These discussions were successful, and resulted in an agreement to settle all claims against Carter's and the individual defendants for \$20,000,000. The Court entered a final order and judgment with respect to claims against the Company and the individual defendants on June 1, 2012. ECF No. 130.

49. Pursuant to the Court's November 23, 2011 consent scheduling order (ECF No. 107), PwC moved to dismiss the remaining claims in the Second Amended Complaint on January 9, 2012 (ECF No. 112). The motion was opposed by Lead Plaintiff on February 23, 2012 (ECF No. 116) and was fully submitted to

the Court on March 26, 2012 (ECF No. 118). By order entered August 28, 2012 (ECF No. 135), the Court denied PwC's motion to dismiss in its entirety. On September 26, 2012 (ECF No. 141), PwC moved for reconsideration of the Court's August 28, 2012 order. PwC's motion for reconsideration was opposed by Lead Plaintiff on October 10, 2012 (ECF No. 142), and fully submitted to the Court on October 16, 2012 (ECF No. 144).

50. PwC filed its answer to the Second Amended Complaint on October 15, 2012. ECF No. 143. By consent order entered November 9, 2012 (ECF No. 149), the Court stayed all proceedings so that Lead Plaintiff and PwC could pursue a potential negotiated resolution of the claims against PwC.

51. On February 28, 2013, Lead Plaintiff and PwC met with Judge Phillips for a lengthy in-person mediation session in an attempt to reach a settlement of the claims against PwC. The mediation involved an extended effort to settle the claims and was preceded by the exchange of mediation statements. These discussions were successful, and resulted in an agreement to settle all remaining claims against PwC for \$3,300,000.

V. INVESTIGATION AND CONFIRMATORY DISCOVERY

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

53. Lead Plaintiff, through its counsel, conducted an extensive investigation of the claims asserted in the Consolidated Action.

54. This investigation began with a review of all relevant public information, including Carter's 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.

55. Lead Counsel also expended significant time and effort identifying and interviewing potential witnesses. Lead Counsel identified 168 potential witnesses, contacted 114, and was able to interview approximately 68 individuals. These interviews provided valuable information that further supported Lead Plaintiff's allegations and helped Lead Counsel to fully understand the relevant facts.

56. Lead Counsel has diligently litigated Lead Plaintiff's claims since the case's inception. This litigation process included (1) investigating and drafting the Plymouth Complaint, First Amended Complaint, and Second Amended Complaint;

(2) briefing two challenging motions to dismiss and a motion for reconsideration by PwC; (3) reviewing pleadings and disclosures filed in the SEC's action against Elles and the criminal proceeding by the Department of Justice against Elles, pleadings and disclosures filed in the SEC's action against Pacifico, and pleadings and disclosures filed in the SEC's action against Michael H. Johnson ("Johnson"), a former divisional merchandise manager at Kohl's (one of Carter's largest customers);¹¹ (4) researching and drafting Lead Plaintiff's mediation statement for the February 28, 2013 mediation session; and (5) conducting confirmatory discovery, including consulting with an accounting expert, of workpapers PwC previously provided to the SEC. These efforts required significant legal analyses with respect to the claims asserted in the Consolidated Action and the defenses thereto. Lead Counsel also consulted with a damages expert to analyze issues of loss causation and class-wide damages, and with an accounting expert to analyze the Company's restatement and GAAP and GAAS issues.

57. With the benefit of this thorough investigation and full legal analyses of the Settling Parties' claims and defenses, Lead Plaintiff (as advised by Lead

¹¹ The SEC's actions against Elles, Pacifico, and Johnson are collectively referred to herein as the "SEC Actions."

Counsel) has concluded that the PwC Settlement is in all respects fair, adequate, reasonable and in the best interests of the Settlement Class.

VI. SETTLEMENT PROCESS

58. Lead Plaintiff and PwC participated in formal, arm's-length settlement negotiations during a full-day mediation before a highly regarded and experienced mediator, Judge Phillips. Ultimately, these negotiations resulted in an agreement to settle all remaining claims, which was memorialized in a settlement term sheet, and subsequently in the formal Stipulation.

59. The negotiations were well-informed by the Settling Parties' submission and exchange of detailed mediation statements expressing their respective views and frank discussions about the merits and limitations of the claims concerning PwC. Lead Plaintiff's perspective was honed through (1) months of extensive investigation by Lead Counsel, including interviews with numerous witnesses; (2) analysis of the publicly available information about Carter's and the individual defendants; (3) opposing PwC's motions to dismiss the First Amended Complaint and Second Amended Complaint; (4) opposing PwC's motion for reconsideration of the Court's denial of its motion to dismiss the Second Amended Complaint; (5) analysis of papers filed in the SEC Actions and the DOJ criminal proceeding; (6) damages analyses by a well-regarded consulting

expert; and (7) analysis of the Company's restatement and GAAP violations by a well-respected and experienced accounting expert.

60. Throughout the settlement negotiations and mediation session, the strengths and weaknesses of the Settling Parties' respective claims and defenses were fully explored among the Settling Parties and separately with Judge Phillips. At the mediation the parties exchanged information regarding the merits of the claims and damages related to PwC in the Consolidated Action.

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

VII. ASSESSMENT OF STRENGTHS AND WEAKNESSES OF THE CLAIMS

62. In deciding to enter into the PwC Settlement, Lead Plaintiff and Lead Counsel considered, *inter alia*, (1) the substantial immediate benefit to Settlement Class Members; (2) the risk that the Court could grant PwC's pending motion for reconsideration and dismiss the Second Amended Complaint, and the concomitant risk and expense of appealing such a dismissal; (3) the risks and expense of continuing to litigate the settled claims if PwC's motion for reconsideration were denied; (4) the expense of fact and expert discovery; (5) the strong likelihood of a

complex and risky expert-driven challenge to class certification and the attendant risks (especially in a complex action such as this one) of maintaining class status through judgment; (6) PwC's probable motion for summary judgment at the close of discovery, which would lead to a "battle of the experts" on substantive issues such as accounting for accommodation payments, as well as on damages and loss causation; (7) the risk of prevailing through summary judgment; (8) the inherent delays in such litigation, including potential appeals; and (9) the risks of presenting a complex, fact-intensive case to a jury.

A. PwC's Motion to Dismiss the Second Amended Complaint

63. In its January 9, 2012 motion to dismiss the Second Amended Complaint, PwC argued that Lead Plaintiff had failed to plead a sufficiently strong inference of scienter¹² because (1) the Second Amended Complaint did not plead facts demonstrating that PwC effectively intended to aid the alleged fraud; and (2) Carter's insiders purportedly colluded with a Kohl's representative to conceal the alleged fraud from PwC. ECF No. 112-1 at 1.

64. PwC further argued that (1) the Second Amended Complaint's added allegations were duplicative of allegations that the Court (Forrester, J.), in its order dismissing the First Amended Complaint, had found insufficient to raise a strong

scienter inference; (2) the “red flags” the Second Amended Complaint identified as indications that would have alerted a reasonable auditor to fraud could not have done so because the “red flags” were purportedly concealed by Carter’s insiders; (3) the Second Amended Complaint failed to allege that PwC was informed of the fraud and knowingly concealed it; (4) the Second Amended Complaint failed to allege any motive; and (5) PwC was not biased towards Carter’s management, notwithstanding that senior managers were previously employed by PwC and had close relationships with PwC auditors, and that former employees allegedly witnessed PwC’s willingness to accept management’s reassurances. ECF No. 112-1 at 2-3, 13-17. PwC also relied on the complaint in the SEC Elles Action to support its argument that PwC could not have uncovered a fraud that was purportedly concealed by Carter’s insiders. *Id.* at 24.

65. Lead Plaintiff challenged each of these arguments in its February 23, 2012 Opposition. *See* ECF No. 116. Specifically, Lead Plaintiff argued that, viewed holistically, the Second Amended Complaint sufficiently raised a strong inference of scienter by pleading facts showing PwC’s egregious refusal to see the obvious or investigate the doubtful, including that (1) notwithstanding any

¹² The Second Amended Complaint’s purported failure to plead scienter was PwC’s sole basis for dismissal.

purported concealment, the alleged fraud was discovered when Westenberger, Carter's new CFO, obtained a simple customer confirmation of A/R and the sales terms relating to A/R (including accommodations) from Kohl's within mere months of joining Carter's; (2) PwC failed to obtain basic auditing information under GAAS, including the customer confirmations that revealed the fraud to Westenberger; (3) PwC repeatedly failed to notice numerous GAAP and GAAS violations over the nearly six years of the Class Period, including improper revenue recognition due to the manipulation of accommodations; (4) PwC ignored glaring "red flags" such as gross overstatements in A/R, a core sales metric, and obvious inconsistencies in Carter's flux balance sheets that reflected the movement of accommodation dollars between client accounts; and (5) key financial positions at Carter's were filled with former PwC auditors, including Casey and North, and former employees witnessed that PwC regularly accepted their reassurances and explanations without exercising the appropriate professional skepticism under GAAS. ECF No. 116 at 12-24.

B. PwC's Motion for Reconsideration

66. On August 28, 2012, the Court denied PwC's motion to dismiss in its entirety. Although the Court noted that it "ha[d] not overlooked PwC's assertions that the fraud was committed by officers and executives who hid information from

and lied to the Company and its auditors about Carter's finances, and that PwC performed its audits in good faith under the circumstances," the Court concluded that "the cumulative effect and totality of the allegations support a strong inference that PwC's audit amounted to no audit at all, or an egregious refusal to see the obvious, or investigate the doubtful." ECF No. 135 at 16.

67. PwC moved to reconsider on September 26, 2012. ECF No. 141. PwC argued that the Court did not weigh plausible non-culpable inferences as required under *Tellabs* because while the Court's opinion gave the benefit of all reasonable inferences to Lead Plaintiff and discussed the facts that supported those inferences, the Court did not similarly discuss, in detail, inferences in PwC's favor. *Id.* at 1-2. In addition to restating the arguments made in its prior motion to dismiss, PwC argued that (1) the Court erred by drawing in Lead Plaintiff's favor certain inferences that either it should not have drawn, or should have drawn in PwC's favor, including the magnitude of the fraud as measured by net sales; and (2) in the event the Court did not reconsider, the Court should certify for appeal under §1292(b) whether *Tellabs* permitted the Court to give the Lead Plaintiff the benefit of all reasonable inferences, as well as the proper application of *Tellabs* to evaluate allegations against an outside auditor, given that auditors necessarily have limited information from the company being audited. *Id.* at 8-23.

68. In opposition, Lead Plaintiff argued that PwC had not met the high standard for reconsideration, instead improperly using its motion to restate its prior arguments and re-litigate issues already decided. ECF No. 142 at 1. Lead Plaintiff further argued that (1) PwC had not raised any clear error of law because the Court explicitly stated in its opinion denying PwC's motion to dismiss that it had considered the non-culpable inferences PwC raised, and PwC had merely disagreed with the Court's application of fact to established law; (2) the Court is required, on a motion to dismiss, to accord Lead Plaintiff the benefit of all reasonable inferences in its favor; (3) any new legal theories PwC introduced could have been made in its prior motion to dismiss because they were based on information available at that time and the record remained unchanged; and (4) because PwC challenged only the application of well-settled law under *Tellabs* to facts, it failed to identify a threshold "controlling question of law" warranting certification for a §1292(b) appeal. ECF No. 142 at 5-22.

C. Risks of Establishing Liability

69. Further litigation against PwC would be subject to the risks of complex securities litigation, particularly against outside auditing firms like PwC. Moreover, the PwC Settlement was reached before the Court had decided PwC's motion for reconsideration, which was fully briefed and submitted. Thus, the

claims could be dismissed on PwC's motion for reconsideration, for failure to satisfy the PSLRA's pleading standards, or after one or more motions for summary judgment following the completion of fact and expert discovery. Lead Plaintiff could also fail to prove its claims at trial and the size of the damages awarded might be considerably less than those claimed (or nothing).

70. Specifically, PwC would argue that Lead Plaintiff could not establish that PwC possessed the necessary scienter because, among other things, (1) Elles and Pacifico concealed the fraud from PwC and Carter's internal accounting department by creating false documentation regarding accommodations and independent investigations by the DOJ, the SEC, and Carter's independent audit committee are inconsistent with Lead Plaintiff's theory of scienter as alleged in the Second Amended Complaint; and (2) PwC had no motive to assist Carter's in manipulating its accommodations practices and PwC remains Carter's external auditor even after Carter's Audit Committee fully investigated the accommodations fraud and restated its financial statements for fiscal years 2004 through 2008.

71. PwC would also argue that its audits complied with all professional standards.

72. Lead Plaintiff would argue, in response, that PwC's failure to detect the fraud over a period of more than five years, when Carter's newly hired chief financial officer uncovered the fraud within a matter of months, supports that PwC's audits were so recklessly deficient that they amounted to no audit at all. However, it is likely that Lead Plaintiff would need to introduce complex expert testimony regarding PwC's audits, and risk possibly confusing the jury. Thus, there is a real risk that the Court or a jury would find PwC was at most negligent and not severely reckless, as the securities laws require for liability.

D. Risk of Establishing Damages

73. There are also significant challenges to establishing loss causation and damages. PwC likely would have presented evidence, supported by expert analysis and testimony, that any corrective disclosures did not relate to PwC, which Carter's continues to retain as its outside auditor, and that damages would be curtailed by the PSLRA's 90-day "bounce-back" cap on damages, 15 U.S.C. §78u-4(e). For example, PwC would likely argue that because Carter's stock price was higher at the time of the first partial disclosure than it had been for the majority of the Class Period, and "bounced back" after each subsequent disclosure, damages would be severely curtailed.

74. PwC would also likely contend that, under the PSLRA's proportionate liability provision, absent a showing that it "knowingly committed a violation of the securities laws",¹³ PwC is "liable *solely* for the proportion of the judgment that corresponds to [its] percentage of responsibility..."¹⁵ U.S.C. §78u-4(f)(2)(B)(i) (emphasis added). The proportionate share of fault is measured for "each covered person and each of the other persons claimed by any of the parties to have caused or contributed to the loss . . . including persons who have entered into settlements with the plaintiff." *Id.* §78u-4(f)(3)(A). Determining the "percentage of responsibility" requires the trier of fact to consider the "nature of the conduct of each covered person" and the "nature and extent of the causal relationship between the conduct of each such person and the damages incurred by the plaintiff." *Id.* §78u-4(f)(3)(C). PwC would argue at trial that its percentage of responsibility should be significantly diminished under the PSLRA as the jury should apportion the majority (if not all) of fault to others including Elles, Pacifico, Mike Johnson (Kohl's executive alleged to have colluded with Carter's), Mike Casey (Carter's former CFO who then became Carter's CEO), Andy North (Carter's Vice President of Finance), and Carter's itself.

¹³ Lead Plaintiff's theory of liability against PwC is that PwC ignored "red flags," not that PwC knowingly committed securities fraud.

75. Although Lead Plaintiff believes it could establish PwC's fault at trial, it is unlikely that a jury would apportion a significant percentage of fault to PwC as Carter's external auditor.

76. 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.

77. Thus, the PwC Settlement avoids the substantial risks that the Settlement Class could recover less, or nothing at all, from PwC in a jury trial.

VIII. REACTION OF THE SETTLEMENT CLASS

78. The Notice provides that objections to the PwC Settlement, Plan of Allocation, and/or the application for attorneys' fees and reimbursement of litigation expenses must be filed with the Court and postmarked or delivered to counsel for the Settling Parties and the Court no later than September 17, 2013. *See* Ex. 3-A at 1, 7-8. Similarly, requests for exclusion from the Settlement Class must be mailed to the Claims Administrator and postmarked no later than September 17, 2013. *Id.* at 1, 6-7. Although almost 120,000 Notice Packets have been disseminated to potential Settlement Class Members, to date no objections and only one invalid exclusion request has been received. Ex. 3 ¶32.

79. If any objections or additional requests for exclusion are received after this declaration is submitted, they will be addressed in Lead Plaintiff's October 1, 2013 reply papers.

IX. PLAN OF ALLOCATION

80. Pursuant to the Preliminary Approval Order, and as explained in the Notice, all Settlement Class Members who wish to participate in the PwC Settlement must submit a Proof of Claim to the Claims Administrator, postmarked on or before October 3, 2013, unless Settlement Class Members had previously submitted a proof of claim in the Carter's Settlement by May 21, 2013. Where a proof of claim previously had been submitted, the Notice advised that it was unnecessary to submit another Proof of Claim in the PwC Settlement, because the previous proof of claim would be used to determine payment eligibility for this Settlement as well. To be eligible for recovery in the PwC Settlement, Settlement Class Members must have purchased Carter's common stock, or purchased a call option on Carter's common stock, or sold a put option on Carter's common stock, in the "Eligibility Period" from March 16, 2005 through November 9, 2009 inclusive. *See* Ex. 3-A at 9-12.

81. As set forth in the Notice, all eligible Settlement Class Members who timely submit valid Proofs of Claim will receive a distribution from the Net

Settlement Fund,¹⁴ 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 Court-approved Plan of Allocation. The proposed Plan of Allocation was developed with the assistance of Lead Plaintiff's consulting damages expert and is set forth and described in detail in the Notice. *See* Ex. 3-A at 9-12.

82. The Plan of Allocation reflects an assessment, supported by Lead Plaintiff's consulting damages expert's analyses of Carter's share prices, of the impact of the alleged disclosures on Carter's share prices.¹⁵ The computation of the "Recognized Loss" per share in the plan reflects price changes of Carter's common stock or options in reaction to certain public announcements regarding Carter's, 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 allegations in the Second Amended Complaint.

¹⁴ In order to reduce administration costs, the Settlement is being jointly administered with the Carter's Settlement; accordingly, and as noted below, only one motion for distribution will be made.

¹⁵ PwC had no input into the Plan of Allocation.

83. As the Notice explains, the Plan of Allocation apportions the recovery among Settlement Class Members who submit valid and timely Proofs of Claim, and purchased or acquired Carter's common stock or options during the Class Period. *Id.* Of the gross settlement of \$3.3 million, the gross amount of \$3,267,000 (before fees, expenses, taxes, and interest) has been allocated for claims on transactions in Carter's common stock, and the gross amount of up to \$33,000 (before fees, expenses, taxes, and interest) has been allocated for claims on transactions in Carter's call and put options, reflecting estimated relative losses, and is consistent with the plan of allocation previously approved in the Carter's Settlement. *Id.* at 9.

84. The Plan of Allocation distributes the recovery according to when Settlement Class Members purchased, acquired and/or sold their shares of Carter's common stock or options. Lead Plaintiff and Lead Counsel have identified October 27, 2009 and November 10, 2009 as the corrective disclosure dates relating to the accommodations fraud, which is the only fraud alleged against PwC. In the case of Carter's common stock, the Settlement Class Member must have bought the stock before one of these two corrective disclosure dates, and then held the security until after at least one corrective disclosure date. If the stock was purchased and then sold before October 27, 2009; or purchased on or after October

27, 2009 and subsequently sold on or before November 9, 2009, those transactions are excluded from consideration in distribution of settlement proceeds, consistent with *Dura Pharms. Inc. v. Broudo*, 544 U.S. 336 (2005). In the case of Carter's call options, in order to be eligible to recover, a claimant must have purchased the option before one of these two corrective disclosure dates and held it until after at least one corrective disclosure date without closing out the position (either by expiration or by selling the option). Authorized Claimants cannot recover more than their market loss. *See* Ex. 3-A at 9-12.

85. The Plan of Allocation is substantially the same as the Plan of Allocation previously approved by the Court in the Carter's Settlement with respect to allocations to Settlement Class Members injured by the accommodations fraud.

86. 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 REIMBURSEMENT OF LITIGATION EXPENSES

87. The work undertaken by Lead Counsel in prosecuting the claims against PwC and arriving at the PwC Settlement has been time-consuming and

challenging. Lead Counsel has represented the Settlement Class on a wholly contingent basis for over four years. From April 14, 2012 to date, Lead Counsel has not been paid any fees or expenses for their efforts in achieving the Settlement with PwC.¹⁶

88. The Notice informs Settlement Class Members that Lead Counsel will apply for attorneys' fees of no more than 30% of the Settlement Fund, which includes interest at the same rate earned by the Settlement Fund, and for reimbursement of litigation expenses of no more than \$200,000, plus interest at the same rate earned by the Settlement Fund.

89. Lead Counsel requests a fee of 30% of the Settlement Fund, or \$990,000, plus accrued interest, and expenses in the amount of \$57,414.06, plus interest. Based on the result achieved for the Settlement Class, the extent and quality of the work performed, the risks of pursuing the claims against PwC, an outside auditor, and the contingent nature of the representation, Lead Counsel submits that a 30% fee for the \$3,300,000 recovered is justified and should be approved. Likewise, Lead Counsel submits that reimbursement of expenses of \$57,414.06 is warranted.

¹⁶ In the Carter's Settlement, Lead Counsel was awarded fees and expenses incurred in litigating or resolving the Consolidated Action from inception until

90. Lead Plaintiff's consulting damages expert has estimated that, assuming 100% of the drop in the two corrective disclosure dates is recoverable, \$64.5 million was attributable to the accommodations fraud, the only fraud alleged against PwC. Thus, the \$3.3 million Settlement amount represents approximately 5% of the maximum recoverable amount, a very good recovery against an external auditor. When combined with the \$20 million settlement amount in the Carter's Settlement, the total settlement recovery for accommodations fraud-related claims is \$23.3 million, or approximately 36% of the maximum recoverable amount, and an excellent overall result for the Settlement Class.

91. Labaton Sucharow is among the nation's preeminent law firms in this area of practice and has served as lead or co-lead counsel on behalf of major institutional investors in numerous class action litigations since the enactment of the PSLRA, including *In re Am. Int'l Group, Inc. Sec. Litig.*, No. 04-8141 (S.D.N.Y.) (representing the Ohio Public Employees Retirement System, State Teachers Retirement System of Ohio, and Ohio Police & Fire Pension Fund and reaching settlements of \$1 billion); *In re HealthSouth Corp. Sec. Litig.*, No. 03-1501 (N.D.Ala.) (representing New Mexico State Investment Council, the New Mexico Educational Retirement Board and the State of Michigan Retirement

April 13, 2012. See ECF No. 131.

System and securing settlements of more than \$600 million); *In re Broadcom Corp. Class Action Litig.*, No. 06-5036 (C.D.Cal.) (representing the New Mexico State Investment Council and securing settlement of \$160.5 million); and *In re Countrywide Sec. Litig.*, No. 07-5295 (C.D.Cal.) (representing the State of New York and New York City Pension Funds and reaching settlements of more than \$600 million). *See* Ex. 5-C.

92. As evidenced by the fee declarations submitted by Lead and Liaison Counsel, 1,132 hours have been expended by counsel in the prosecution or resolution of the Consolidated Action from April 14, 2012 through August 16, 2013 (the “Time Period”). *See* Summary of Lodestars and Expenses, annexed as Ex. 4; Exs. 5 and 6. This includes time spent, *inter alia*: (1) briefing PwC’s motion to dismiss and its motion for reconsideration; (2) reviewing pleadings and disclosures filed in the SEC’s action against Elles and the criminal proceeding by the DOJ against Elles, pleadings and disclosures filed in the SEC’s action against Pacifico, and pleadings and disclosures filed in the SEC’s action against Michael H. Johnson, a former divisional merchandise manager at Kohl’s (one of Carter’s largest customers); (3) researching and drafting Lead Plaintiff’s mediation statement for the February 28, 2013 mediation session; (4) conducting confirmatory discovery of certain PwC workpapers, including those PwC

previously provided to the SEC, and consulting with accounting and damages experts; and (5) 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.

93. Plaintiffs' counsel's total "lodestar" is \$705,583.50, 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 approximately 1.4.¹⁷

94. Plaintiffs' counsel also request reimbursement of expenses incurred during the Time Period in connection with pursuing or resolving the Consolidated Action, in the amount of \$57,414.06.¹⁸ Lead and Liaison Counsel have submitted declarations, which state that their expenses are: (i) reflected in the books and records maintained by their respective firms; and (ii) accurately recorded in their declaration. *See* Exs. 5-B and 6-B.

95. Lead Counsel submits that the expenses are reasonable and were necessary for the successful prosecution of the case. Because counsel were aware

¹⁷ This multiplier is less than the 1.86 multiplier approved by the Court for Lead Counsel's fee award in the Carter's Settlement. *See* ECF No. 122 at 11.

¹⁸ Plaintiffs' counsel are only seeking expenses incurred between April 14, 2012 and August 16, 2013.

that they might not recover any of these expenses unless and until the litigation was successfully resolved against PwC, they took steps to minimize expenses whenever practical to do so without jeopardizing the vigorous and efficient prosecution of the case.

96. Approximately 39%, or \$22,150, of these expenses relate to the cost of mediation. As noted *supra*, the work performed by Judge Phillips was crucial to reaching a resolution of the Consolidated Action.

97. Approximately \$14,000, or 24% of these expenses, relate to the cost of experts. Such expenses were critical to Lead Counsel's understanding of the claims and damages against PwC in the Consolidated Action, Lead Plaintiff's success in achieving the proposed PwC Settlement, and for formulating the Plan of Allocation for the PwC Settlement.

98. Plaintiffs' counsel's 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, telephone, FedEx, etc.). *Id.* These expenses are reasonable and were necessary for the successful prosecution of the case.

XI. STATUS OF CARTER'S SETTLEMENT

99. The claims administration process is nearly complete in the Carter's Settlement. *See* Ex. 3 ¶33. In order to reduce administrative costs, the Carter's Settlement is being coordinated with the administration of the PwC Settlement. *Id.*

100. A total of 26,225 claims have been submitted by claimants in the Carter's Settlement. *Id.* ¶34. Of those, 8,151 have to date been determined by the Claims Administrator to be properly documented and calculate to an eligible Recognized Claim. *Id.* The total Recognized Claim amount of the 8,151 valid claims, calculated pursuant to the terms of the Court-approved Plan of Allocation is \$76,077,163. *Id.*

101. To date, in connection with the administration of the PwC Settlement, the Claims Administrator has received 3,060 additional claim forms. *Id.* ¶30. These claims are currently being processed.

102. Lead Counsel will make one distribution motion for both the Carter's Settlement and the PwC Settlement.

XII. MISCELLANEOUS EXHIBITS

103. Annexed hereto as Ex. 7 is a compendium of true and correct copies of all unpublished slip opinions cited in Lead Counsel's Memorandum of Law in Support of Motion for Attorneys' Fees and Reimbursement of Litigation Expenses.

104. Annexed hereto as Ex. 8 is a table setting forth billing rates for peer defense firms, which was compiled by Labaton Sucharow from fee applications submitted by such firms in bankruptcy proceedings in 2012.

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

Executed on August 30, 2013.



JONATHAN GARDNER

CERTIFICATE OF SERVICE

I hereby certify that on the 30th day of August 2013, I electronically filed the foregoing declaration, and all exhibits in support thereof, with the Clerk of the Court using the CM/ECF system, which will then send a notification of such filing to all counsel of record authorized to receive electronic filings using the CM/ECF system.

Dated: August 30, 2013

/s/ David J. Worley
David J. Worley

EXHIBIT 1

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA**

)	
In re)	
CARTER'S, INC.)	Civil Action No. 1:08-CV-2940-AT
SECURITIES LITIGATION)	
)	

**DECLARATION OF WILLIAM R. FARMER, EXECUTIVE DIRECTOR
OF PLYMOUTH COUNTY RETIREMENT SYSTEM, IN SUPPORT OF
LEAD PLAINTIFF'S MOTION FOR FINAL APPROVAL OF CLASS
ACTION SETTLEMENT AND LEAD COUNSEL'S MOTION FOR
ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION
EXPENSES**

I, WILLIAM R. FARMER, declare as follows pursuant to 28 U.S.C. § 1746:

1. I am the Executive Director of the Plymouth County Retirement System ("Plymouth"), which was appointed Lead Plaintiff in this action on March 13, 2009. Plymouth represents more than 9,700 active and retired public employees and is one of the largest public retirement systems in the Commonwealth of Massachusetts, managing approximately \$636 million in assets. Plymouth purchased more than 61,000 shares of Carter's common stock during the Class Period at allegedly artificially inflated prices and suffered losses as a result of Defendants' alleged violations of the securities laws.

2. I respectfully submit this declaration in support of Lead Plaintiff's motion for final approval of the proposed Settlement with PricewaterhouseCoopers LLP ("PwC") and Lead Counsel's request for attorneys' fees incurred from April 14, 2012 through August 16, 2013.¹ I have personal knowledge of the matters set forth in this Declaration, as I have been the primary representative overseeing the above-referenced class action (the "Consolidated Action") on behalf of Plymouth, and I regularly update the Board of Trustees regarding the status of the Consolidated Action.

3. Plymouth endorses the Settlement and believes it provides a very favorable recovery for the Settlement Class. Plymouth also believes that Lead Counsel's request for attorneys' fees and expenses is fair and reasonable in light of the work performed for the Settlement Class and the result achieved.

4. Since Plymouth's appointment as Lead Plaintiff, I have been closely involved in the prosecution of the case, including the eventual settlement of the

¹ Lead Plaintiff previously settled all claims against Carter's and the individual defendants for \$20,000,000 (the "Carter's Settlement"). Lead Counsel's previous motion for fees and expenses in the Carter's Settlement was for all fees and expenses incurred in the prosecution of claims in the Consolidated Action from inception until April 13, 2012; accordingly, Lead Counsel's motion for attorneys' fees and reimbursement of litigation expenses in this Settlement is for all fees and expenses incurred in litigating and resolving the claims against PwC from April 14, 2012 through August 16, 2013.

claims against PwC. I have regularly communicated with counsel, from initiation of the action to the present. Counsel consulted frequently with me concerning litigation strategy (such as decisions relating to motion practice, mediation and settlement) and kept me well-informed about the progress and status of this case.

5. Based on its involvement throughout the prosecution and resolution of the claims against PwC, Plymouth believes that the proposed Settlement is fair, reasonable and adequate to the Settlement Class. It also believes that the proposed Settlement represents a favorable recovery, particularly in light of the substantial risks of continued litigation of the claims against PwC, including the risk of dismissal if PwC prevails on its motion for reconsideration. Therefore, Plymouth strongly endorses approval of the Settlement by the Court.

6. Plymouth also believes that Lead Counsel's request for an award of attorneys' fees in the amount of 30% of the Settlement Fund is fair and reasonable in light of the work performed on behalf of Lead Plaintiff and the Settlement Class. We have evaluated Lead Counsel's fee request by considering the amount and quality of the work performed and by considering the favorable recovery obtained for the Settlement Class from PwC, an outside auditor. Plymouth further believes that the litigation expenses from April 14, 2012 through August 16, 2013 that Lead Counsel requests for reimbursement are reasonable, and represent costs and

expenses necessary for the prosecution and resolution of the claims against PwC. Based on the foregoing, and consistent with its obligation to the Settlement Class to obtain the best result at the most efficient cost, Plymouth fully supports Lead Counsel's motion for an award of attorneys' fees and reimbursement of litigation expenses.

7. In conclusion, Plymouth, 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. Plymouth 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 favorable recovery obtained for the Class and the attendant litigation risks. Accordingly, Plymouth respectfully requests that the Court approve Lead Plaintiff's motion for final approval of the proposed Settlement with PwC and Lead Counsel's motion for an award of attorneys' fees and reimbursement of litigation expenses.

8. 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 Plymouth.

Executed on August 20th, 2013.



WILLIAM R. FARMER

EXHIBIT 2

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA**

In re
CARTER'S, INC.
SECURITIES LITIGATION

Civil Action No. 1:08-CV-2940-AT

**PRELIMINARY
APPROVAL ORDER PROVIDING FOR
NOTICE AND HEARING IN
CONNECTION WITH PROPOSED
CLASS ACTION SETTLEMENT WITH
PRICEWATERHOUSECOOPERS LLP**

WHEREAS, as of April 24, 2013, Plymouth County Retirement System (“Lead Plaintiff”), on behalf of itself and the Settlement Class, and PricewaterhouseCoopers LLP (“PwC”) entered into a Stipulation and Agreement of Settlement (the “Stipulation”) in the above-titled litigation (the “Consolidated Action”), 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 against PricewaterhouseCoopers LLP alleged in the Second Amended and Consolidated Class Action Complaint (“Second Amended Complaint”) on the merits and with prejudice (the “Settlement”); and the Court having read and considered the

Stipulation and the accompanying exhibits; and the Settling 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;

NOW, THEREFORE, IT IS HEREBY ORDERED, this 21st day of May, 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. Pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, the Court hereby certifies, for the purposes of the Settlement only, the Consolidated Action as a class action on behalf of all Persons who purchased the publicly traded securities of the Company during the period from March 16, 2005 through November 10, 2009, inclusive, and were allegedly damaged thereby (the "Settlement Class"). Excluded from the Settlement Class are: the current or former defendants in the Consolidated Action; the officers and directors of Carter's; the partners and principals of PwC; the members of the immediate families of the former individual defendants in the Consolidated Action; the legal representatives, heirs, successors or assigns of any excluded Person; any entity in which any current or former defendant has or had a controlling interest. Also excluded from

the Settlement Class will be any Person who timely and validly seeks exclusion from the Settlement Class.

3. The Court finds and concludes that the prerequisites of class action certification under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure have been satisfied for the Settlement Class defined herein and for the purposes of the Settlement only, in that:

(a) the members of the Settlement Class are so numerous that joinder of all Settlement Class Members is impracticable;

(b) there are questions of law and fact common to the Settlement Class Members;

(c) the claims of Lead Plaintiff are typical of the Settlement Class's claims;

(d) Lead Plaintiff and Lead Counsel have fairly and adequately represented and protected the interests of the Settlement Class;

(e) the questions of law and fact common to Settlement Class Members predominate over any individual questions; and

(f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy, considering that the claims of Settlement Class Members in the Consolidated Action are substantially similar and would, if tried, involve substantially identical proofs and may therefore be

efficiently litigated and resolved on an aggregate basis as a class action; the amounts of the claims of many of the Settlement Class Members are too small to justify the expense of individual actions; and it does not appear that there is any interest among Settlement Class Members in individually controlling the litigation of their claims.

4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, Lead Plaintiff is certified as Class Representative for the Settlement Class, the law firm of Labaton Sucharow LLP is appointed Class Counsel for the Settlement Class, and the law firm of Harris Penn Lowry DelCampo LLP is appointed Liaison Counsel for the Settlement Class.

5. 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 October 8, 2013, at 11:00 a.m., in Courtroom 2308 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 Settlement Class of the Released Claims, as set forth in the Stipulation, should be provided to the Released Defendant Parties;

(c) to determine, for purposes of the Settlement only, whether the Settlement Class should be finally certified; whether Lead Plaintiff should be finally certified as Class Representative for the Settlement Class; and whether the law firm of Labaton Sucharow LLP should be finally appointed as Class Counsel for the Settlement Class;

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

(e) to consider Lead Counsel's application for an award of attorneys' fees and reimbursement of litigation expenses (which may include an application for an award to Plaintiffs for reimbursement of their reasonable costs and expenses directly related to their representations of the Settlement Class); and

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

6. The Court reserves the right to approve the Settlement with or without modification and with or without further notice 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 Settlement Class.

7. The Court approves the form, substance and requirements of the Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP 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.

8. The Court approves the retention of Epiq Class Action & Claims Solutions, Inc. as the Claims Administrator. The Claims Administrator shall cause the Notice and, where applicable, 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 Settlement Class Members who can be identified with reasonable effort, including by using information provided in connection with the previously approved partial settlement with Carter's, Inc. ("Carter's" or the "Company"), Frederick J. Rowan, II, Joseph Pacifico, Michael D. Casey, Andrew North, Charles E. Whetzel, Jr., and Joseph M. Elles (the "Carter's Settlement").

9. The Claims Administrator shall use reasonable efforts to give notice to nominee purchasers such as brokerage firms and other persons or entities who purchased the publicly traded securities of Carter's during the Class Period, by using information provided in connection with the Carter's Settlement. 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.

10. The Claims Administrator shall also post the Notice and Proof of Claim on its website. Lead Counsel shall, at or before the Settlement Hearing, file with the Court proof of mailing and posting of the Notice and Proof of Claim.

11. The Court approves the form of the Summary Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP and Motion for Attorneys' Fees and Expenses (the "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.

12. The form and content of the notice program described herein, and the methods set forth herein of notifying the Settlement 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 Private Securities Litigation Reform Act

of 1995 (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.

13. 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, Settlement Class Members shall take the following actions and be subject to the following conditions:

(a) A properly executed claim must have been submitted to the Claims Administrator in connection with the Carter’s Settlement by the date this Preliminary Approval Order is entered or, for all others, 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 Settlement Class Member

who did not submit a claim in the Carter's Settlement by the date this preliminary Approval Order is entered or, for all others, 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 Settlement 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 Settlement 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 Settlement Class Member shall submit to the jurisdiction of the Court with respect to the claim submitted.

14. Settlement Class Members shall be bound by all orders, determinations and judgments in this Action, whether favorable or unfavorable, unless such Persons request exclusion from the Settlement Class in a timely and proper manner, as hereinafter provided. A Settlement 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 postmarked no later than twenty-one (21) 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 “exclusion from the Settlement Class in *In re Carter’s, Inc. Securities Litigation*, No. 1:08-CV-2940-AT (N.D.Ga.)” 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 publicly traded securities of Carter’s 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.

15. There were no requests for exclusion from the Carter’s Settlement. A request for exclusion from the proposed Settlement will not operate to retroactively exclude a Settlement Class Member from the Carter’s Settlement.

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

17. The Court will consider any Settlement 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 Settlement Class Member has served by hand or by mail his, her or its written objection and supporting papers such that they are received or postmarked on or before twenty-one (21) calendar days before the Settlement Hearing, upon Lead Counsel, Jonathan Gardner, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005 and PwC's Counsel, Elizabeth V. Tanis, Esq., King & Spalding LLP, 1180 Peachtree St., N.E., Atlanta, Georgia 30309, and has filed said objections and supporting papers with the Clerk of the Court, United States District Court for the Northern District of Georgia, 2321 Richard B. Russell Federal Building and United States Courthouse, 75 Spring Street, SW, Atlanta, GA 30303-3309. Any Settlement 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. Settlement Class Members do not need to appear at the hearing or take any other action to indicate their approval.

18. Pending final determination of whether the Settlement should be approved, Lead Plaintiff, all Settlement 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.

19. 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 Settlement Class and the review of claims

and administration of the Settlement out of the Settlement Fund without further approval from PwC and without further order of the Court.

20. 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 and served on or before thirty-eight (38) 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 seven (7) calendar days prior to the Settlement Hearing.

21. The passage of the Settlement Fund to the Escrow Account in accordance with the terms and obligations of the Stipulation is approved. No person who is not a Settlement 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.

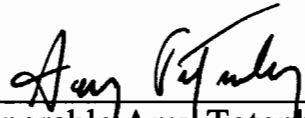
22. All funds held in escrow shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court until such time as such funds shall be disbursed pursuant to the Stipulation and/or further order of the Court.

23. 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 Settling Party, and may not be introduced as evidence or used in any actions or proceedings by any person or entity against or to the prejudice of the Settling Parties, and the Settling Parties shall be deemed to have reverted to their respective litigation positions in the Action immediately prior to February 28, 2013.

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

Dated: May 21, 2013



Honorable Amy Totenberg
UNITED STATES DISTRICT JUDGE

EXHIBIT 3

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

In re CARTER'S, INC. SECURITIES LITIGATION
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Civil Action

No. 1:08-CV-2940-AT

DECLARATION OF CLAIMS ADMINISTRATOR

I, Stephanie Thurin, declare as follows pursuant to 28 U.S.C. § 1746:

1. I am a Project Manager employed by Epiq Class Action & Mass Tort Solutions, Inc. (“Epiq”), the claims administrator retained by lead counsel and appointed by the Court in the above-captioned matter (the “Consolidated Action”).¹

2. I am overseeing and fully familiar with the efforts taken by Epiq in connection with the administration of the settlement with PricewaterhouseCoopers, LLP reached in the Consolidated Action (the “PwC Settlement”) and, thus, this Declaration is based upon my personal knowledge and is accurate and truthful to the best of my knowledge.

3. Epiq is a firm with more than 40 years of experience in class action administration. Epiq’s claims administration services include: (a) coordination of all notice requirements; (b) design of direct mail notice; (c) establishment of toll-free phone line and fulfillment services; (d) coordination with the U.S. Postal Service; (e) database management; (f) website hosting and management; (g) claims

¹ Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Stipulation and Agreement of Settlement with PricewaterhouseCoopers LLP (the “PwC Settlement Agreement”).

processing; and (h) preparation of reports to courts overseeing class action settlements describing Epiq's notice and claims administration activities.

4. Epiq is also the claims administrator for the previously approved settlement with Carter's, Inc. ("Carter's"), Frederick J. Rowan, II, Joseph Pacifico, Michael D. Casey, Andrew North, Charles E. Whetzel, Jr., and Joseph M. Elles (the "Carter's Settlement").

5. As a Project Manager, I am responsible for coordination of claims administration services for class action settlements. I oversee a multitude of services, such as document mailing, phone services, voice response units, live operators, website design and maintenance, mail processing, claims processing, distribution, and related reporting.

CLAIMS ADMINISTRATOR'S DUTIES AND RESPONSIBILITIES

6. Epiq's duties and responsibilities in the administration of the PwC Settlement include:

- (a) Executing the Court-approved direct mail notice program as follows:
 - i. developing and refining a mailing list of all potential Settlement Class Members who invested in the Carter's securities during the Settlement Class Period;
 - ii. engaging in outreach to banks, brokers, and nominees ("Nominees") advising them of Court-ordered deadlines and the need for investor identities and addresses;
 - iii. printing the Court-approved Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP and Motion for Attorneys' Fees and Expenses ("Notice") and Proof of Claim and Release form ("Proof of Claim," and, together with the Notice, "Notice Packets");

- iv. searching the National Change of Address database for current names and/or addresses of potential Settlement Class Members;
 - v. identifying Settlement Class Members who do not need to file a claim based on their previous submission of a claim in the Carter's Settlement, and mailing them a Notice and letter informing them that they do not need to file a new claim;
 - vi. mailing the applicable Notice Packets to all other known potential Settlement Class Members who invested in Carter's securities, and did not previously submit a Carter's Settlement claim by May 21, 2013²;
 - vii. mailing the applicable Notice Packets to Nominees;
 - viii. mailing copies of the Notice Packets to potential Settlement Class Members at the request of Nominees;
 - ix. using best efforts to obtain correct addresses and re-mailing Notice Packets to individuals or entities whose Notices or Notice Packets were returned as undeliverable;
- (b) Publishing the Summary Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP and Motion for Attorneys' Fees and Expenses ("Summary Notice") in *PR Newswire* and *Investors' Business Daily*.
- (c) Developing and maintaining a settlement website to provide information about the proposed PwC Settlement and case updates, the ability to download important documents and the ability for Nominees to file a claim online or provide a list of potential Settlement Class Members to be mailed the Notice Packet;
- (d) Maintaining a toll-free phone number for the PwC Settlement to give callers access to information about the PwC Settlement via an Interactive Voice Recording ("IVR") or the option to speak to live

² May 21, 2013 is the date the Court entered the Preliminary Approval Order.

operators if potential Settlement Class Members have additional questions about their eligibility, how to file a claim, where to obtain documentation and other questions;

- (e) Renting a post office box to receive requests for exclusion, objections, Proofs of Claim and all other communications; and
- (f) Receiving, logging, and processing requests for exclusion, objections, Proofs of Claim and all other communications.

MAILING OF THE NOTICE AND PROOF OF CLAIM

7. Epiq maintains a database for the Carter's Settlement which contains names and addresses of potential Settlement Class Members who filed claims in the Carter's Settlement or whose names and addresses were provided in connection with the Carter's Settlement but have not filed claims.

8. If potential Settlement Class Members did not file a claim in the Carter's Settlement by May 21, 2013, Epiq marked those records to be mailed a Notice Packet. On June 5, 2013 Epiq mailed the Notice Packet to 74,845 potential Settlement Class Members via first-class mail. A true and correct copy of the Notice Packet is attached as **Exhibit A**.

9. If potential Settlement Class Members did file a claim in the Carter's Settlement by May 21, 2013, Epiq mailed those potential Settlement Class Members a copy of the Notice and a letter explaining that the claim from the Carter's Settlement will automatically be processed as a claim in the PwC Settlement and that they need not take further action unless they wished to make changes to their claim. The letter also provided log-in instructions for claimants to review the status of their Carter's Settlement claim online. 4,012 such Notices and letters were mailed on June 5, 2013. A true and correct copy of the Notice and letter is attached as **Exhibit B**.

10. In connection with the Carter's Settlement, Epiq received 19,714 electronic claims from Nominees by May 21, 2013. Those electronic claims were also automatically processed as claims for the PwC Settlement. On June 5, 2013, Epiq sent email notification to the Nominees who filed Carter's Settlement electronic claims explaining that the electronic claims would automatically be included in the PwC Settlement and that they need not take further action unless they wished to make changes to the electronic claims. The email included a copy of the Notice and instructions for reviewing and updating their Carter's Settlement electronic claims, if needed.

11. To ensure that any additional potential Settlement Class Members receive notice, on June 5, 2013, Epiq mailed 2,250 copies of the Notice Packet to all Nominees in Epiq's database with a letter informing them of the PwC Settlement and explaining that if they did not previously provide names and addresses in connection with the Carter's Settlement, they needed to submit names and addresses of potential Settlement Class Member to Epiq. A true and correct copy of the letter Epiq sent to Nominees is attached as **Exhibit C**.

12. As a result of that mailing, Epiq mailed an additional 19,712 Notice Packets to potential Settlement Class Members and mailed another 19,015 Notice Packets to Nominees who requested Notice Packets for forwarding to potential Settlement Class Members. Epiq continues to follow-up with Nominees to answer any questions they have about filing claims or providing names and addresses.

13. As of August 27, 2013, Epiq has sent 115,822 copies of the Notice Packet to potential Settlement Class Members and Nominees.

14. Any individual Notice Packet that is returned as undeliverable is processed and noted in our internal proprietary database. If a new address is provided by the post-office, Epiq immediately re-mails the individual Notice

Packet to the individual whose packet was returned as undeliverable. To date, Epiq has received a total of 6,247 Notice Packets returned as undeliverable and has re-mailed a total of 1,023 Notice Packets to new addresses.

PUBLICATION NOTICE

15. Pursuant to the terms of the Court's Preliminary Approval Order, Epiq caused the Summary Notice to appear once in *Investor's Business Daily* and be transmitted once over the *PR Newswire* on June 19, 2013. Attached as **Exhibit D** is a tear sheet proof of print in *Investor's Business Daily* attesting to that publication and a screen shot attesting to the *PR Newswire* transmittal.

SETTLEMENT INFORMATION CENTERS AND TELEPHONE SUPPORT

16. Epiq is utilizing the same toll-free phone number for the PwC Settlement that was established in connection with the Carter's Settlement. This toll-free number was set forth in the Notice, Summary Notice, Proof of Claim, and on the Settlement website.

17. The toll-free number connects callers with the IVR. The IVR provides callers with pre-recorded information including a brief summary of the proposed PwC Settlement, the option to select one of several more detailed recorded messages addressing frequently asked questions, the option to request a copy of the Notice and/or Proof of Claim, and the option to speak with a trained operator. The toll-free line and recorded information is available 24 hours a day, 7 days a week. The IVR script was designed to anticipate and provide accurate and clear answers to frequently asked questions about the proposed PwC Settlement and has been reviewed and approved by Lead Counsel.

18. The IVR has been available since February 2, 2012 and was updated with information related to the PwC Settlement as of June 5, 2013, simultaneous with the direct notice mailing.

19. In addition, Monday through Friday from 9:00 a.m. to 9:00 p.m. Eastern Standard Time, callers are able to speak to a live operator regarding the status of the PwC Settlement, obtain help filling out and filing their Proofs of Claim and/or obtain answers to questions they may have about communications they receive from Epiq.

20. Epiq will continue operating, maintaining and, as appropriate, updating the IVR until the conclusion of the settlement administration. Epiq will also continue providing live operator support until the conclusion of the settlement administration.

21. As of August 27, 2013, Epiq's live agents have received and handled a total of 234 calls through the toll-free phone number, and the IVR recorded messages have handled a total of 272 calls for the PwC Settlement.

EMAIL SUPPORT

22. Epiq established and maintains an email address for the Carter's Settlement which is the same for the PwC Settlement. This email address is set forth in the Notice, Proof of Claim, and on the Settlement website. The email address has been live since February 2, 2012 and will continue operating until the conclusion of the settlement administration.

23. Potential Settlement Class Members may send emails regarding the status of the PwC Settlement, obtain help filling out and filing their Proofs of Claim, and/or obtain answers to questions they may have about communications they receive from Epiq through email. Potential Settlement Class Members and

Nominees may also submit their Proofs of Claim or additional documentation through email.

24. As of August 27, 2013, Epiq's analysts have received and processed 40 emails related to the PwC Settlement through the settlement email address.

WEBSITE FOR THE SETTLEMENT

25. In connection with the Carter's Settlement, Epiq established a website (www.carterssecuritieslitigation.com) which has been updated to address questions regarding the PwC Settlement. The website will continue operating, maintaining, and, as appropriate, updating the website until the conclusion of the settlement administration.

26. The website contains a list of frequently asked questions, key deadlines associated with the PwC Settlement, access to important case updates and documents, and information for Nominees regarding the Consolidated Action and the PwC Settlement. The website also provides visitors with the ability to request a copy of the detailed Notice and Proof of Claim, and provides Nominees with the ability to file their claims online or provide a list of potential Settlement Class Members online. Individuals seeking information about the proposed PwC Settlement have the option to download, via the website, copies of the Notice, Proof of Claim, Summary Notice, Preliminary Approval Order, and the PwC Settlement Agreement.

27. From June 5, 2013 through August 23, 2013, the settlement website had 2,631 unique visitors and 18,028 individual hits to content within the site.

POST OFFICE BOX & WRITTEN COMMUNICATIONS

28. Epiq reserved a post-office box to receive written communications regarding the PwC Settlement, and that address is: *In re Carter's, Inc. Securities*

Litigation, PO Box 5110, Portland, OR 97208-5110. This address was published in the Notice, Summary Notice, and Proof of Claim, as well as on the IVR recording and settlement website.

29. Epiq has received, and continues to receive, written communications at this post-office box, including Proofs of Claim and other communications.

30. As of August 27, 2013, Epiq has received 3,060 Proofs of Claim for the PwC Settlement and 31 pieces of correspondence to the settlement post-office box.

EXCLUSION REQUESTS

31. Pursuant to the Preliminary Approval Order, Settlement Class Members also have until September 17, 2013 to request exclusion from the Settlement Class.

32. To date, Epiq has received one request for exclusion. A redacted copy of the exclusion request is attached hereto as **Exhibit E**.

STATUS OF CARTER'S SETTLEMENT

33. The claims administration process is essentially complete in the Carter's Settlement. In order to save administrative costs, it is being coordinated with the administration of the PwC Settlement so that checks can be mailed at the same time.

34. A total of 26,225 claims have been submitted by claimants for the Carter's Settlement. Of those, 8,151 were determined by the Claims Administrator to be properly documented and calculate to an eligible Recognized Claim. The total Recognized Claim amount of the 8,151 valid claims, calculated pursuant to the terms of the Plan of Allocation is \$76,077,163.

35. Upon completion of processing all claims in the Carter's Settlement and the PwC Settlement, Epiq will assist Lead Counsel in preparing one motion seeking approval to distribute the Net Settlement Funds in the Carter's Settlement and the PwC Settlement.

I declare under penalty of perjury under the laws of the United States, and the state of Oregon that the foregoing is true and correct to the best of my knowledge.

Dated: 8/28/2013

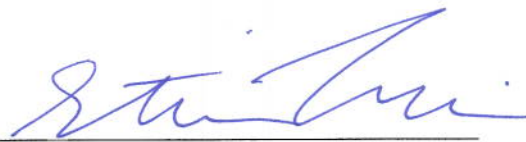

Stephanie Thurin
Project Manager

EXHIBIT A

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

In re CARTER'S, INC. SECURITIES LITIGATION

Civil Action No. 1:08-CV-2940-AT

**NOTICE OF PENDENCY OF CLASS ACTION AND
PROPOSED SETTLEMENT WITH PRICEWATERHOUSECOOPERS LLP
AND MOTION FOR ATTORNEYS' FEES AND EXPENSES**

If you purchased the publicly traded securities of Carter's, Inc ("Carter's") during the period from March 16, 2005 through November 10, 2009, inclusive (the "Class Period"), and were allegedly damaged thereby, you may be entitled to a payment from this class action settlement.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

- If approved by the Court, the proposed settlement with defendant PricewaterhouseCoopers LLP ("PwC" or the "Defendant") will provide a \$3.3 million settlement fund for the benefit of eligible investors (the "Settlement") who purchased the publicly traded securities of Carter's during the Class Period, and were allegedly damaged thereby (the "Settlement Class").¹
- The Settlement resolves all remaining claims in a class action lawsuit concerning an alleged scheme to mislead investors regarding the financial condition and practices of Carter's during the Class Period; avoids the costs and risks of continuing the litigation; pays money to investors like you; and releases PwC from potential liability.
- The Settlement is in addition to a previously approved \$20 million settlement with Carter's and certain related defendants (the "Carter's Settlement").
- Your legal rights are affected whether you act or do not act. Read this Notice carefully.
- The Court will review the Settlement at the Settlement Hearing to be held on October 8, 2013.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

SUBMIT A CLAIM FORM BY OCTOBER 3, 2013	If you did <i>not</i> previously submit a claim in connection with the Carter's Settlement, you must do so now in order to be eligible to recover from the proposed Settlement with PwC. If you <i>did</i> previously submit a claim, you do not need to do so again, <i>see</i> question 10.
EXCLUDE YOURSELF BY SEPTEMBER 17, 2013	Get no payment. This is the <i>only</i> option that allows you to ever bring or be part of any <i>other</i> lawsuit about the Released Claims against the Defendant and the other Released Defendant Parties. This is the <i>only</i> option that removes you from the Settlement Class, if you are a Settlement Class Member.
OBJECT BY SEPTEMBER 17, 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 Settlement Class.
GO TO A HEARING ON OCTOBER 8, 2013	Ask to speak in Court about the Settlement at the Settlement Hearing.
DO NOTHING	Get no payment, if you did not submit a claim in the Carter's Settlement. Give up rights.

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement and whether to finally certify this as a class action. Payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

¹ All capitalized terms not otherwise defined in this Notice shall have the meaning provided in the Stipulation and Agreement of Settlement with PricewaterhouseCoopers LLP, dated as of April 24, 2013 (the "Stipulation").

SUMMARY OF THIS NOTICE

(a) Statement of Plaintiffs' Recovery

Pursuant to this proposed Settlement with PwC, a Settlement Fund consisting of \$3.3 million in cash, plus any accrued interest, has been established. Based on Lead Plaintiff's estimate of the number of shares of common stock entitled to participate in the Settlement, and assuming that all such shares entitled to participate do so, Lead Plaintiff estimates that the average recovery per allegedly damaged share of Carter's common stock would be approximately \$0.13 per share, before deduction of Court-approved expenses, such as attorneys' fees and expenses². A Settlement Class Member's actual recovery will be a portion of the Net Settlement Fund determined by comparing his or her Recognized Claim to the total Recognized Claims of all Settlement Class Members who submit acceptable Proofs of Claim. An individual Settlement Class Member's actual recovery will depend on, for example: (1) the total number of claims submitted; (2) when the Settlement Class Member purchased Carter's securities during the Class Period; (3) the purchase price paid; (4) the type of security purchased; and (5) whether those Carter's securities were held at the end of the Class Period or sold during the Class Period (and, if sold, when they were sold and the amount received). See the Plan of Allocation beginning on page 9 for more information on your Recognized Claim.

(b) Statement of Potential Outcome if the Action Continued to Be Litigated

The Settling Parties disagree about whether PwC is liable for the claims asserted against it and whether it caused any damages. The issues on which the Settling Parties disagree include, but are not limited to: (1) whether PwC made any material misstatements or omissions; (2) whether PwC acted with the required state of mind; (3) the amount by which Carter's securities were allegedly artificially inflated (if at all) during the Class Period; (4) the extent to which the various matters that Lead Plaintiff alleged were false and misleading influenced (if at all) the trading price of Carter's securities at various times during the Class Period; (5) whether any purchasers of Carter's securities have suffered damages as a result of the alleged misstatements and omissions in Carter's public statements; (6) the extent of such damages, assuming they exist; (7) the appropriate economic model for measuring damages; and (8) the extent to which external factors, such as general market and industry conditions, influenced the trading price of Carter's securities at various times during the Class Period.

PwC denies that it did anything wrong, denies any liability to Lead Plaintiff, and denies that Lead Plaintiff and the Settlement Class have suffered any losses attributable to PwC's actions. While Lead Plaintiff believes that it has meritorious claims, it recognizes that there are significant obstacles in the way to recovery.

(c) Statement of Attorneys' Fees and Expenses Sought

Lead Counsel intends to make a motion asking the Court to award it attorneys' fees of no more than 30% of the Settlement Fund, and reimbursement of litigation expenses incurred in prosecuting this action in an amount not to exceed \$200,000, plus any interest on such amounts at the same rate and for the same periods as earned by the Settlement Fund ("Fee and Expense Application"). If the Court approves the Fee and Expense Application, the average cost of attorneys' fees and litigation expenses will be less than \$0.05 per share of common stock. The average cost per share will vary depending on the number of acceptable claims submitted. Lead Counsel has expended considerable time and effort in litigating the claims against PwC without receiving any payment, and has advanced the expenses of the litigation, such as the cost of experts, in the expectation that if it were successful in obtaining a recovery for the Settlement Class it would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovered as attorneys' fees.

(d) Further Information

Further information regarding this action and this Notice may be obtained by contacting the Claims Administrator: PO Box 5110, Portland OR 97208-5110, (866) 833-7918, www.CartersSecuritiesLitigation.com or Lead Counsel: Labaton Sucharow LLP, (888) 219-6877, www.labaton.com, settlementquestions@labaton.com.

Do Not Call The Court With Questions About The Settlement.

(e) Reasons for the Settlement

For Lead Plaintiff, the principal reason for the Settlement is the immediate benefit to the Settlement Class. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

For PwC, who denies all allegations of wrongdoing or liability whatsoever, the principal reason for the Settlement is to eliminate the expense, risks, and uncertain outcome of the litigation.

[END OF COVER PAGE]

² An allegedly damaged share might have been traded more than once during the Class Period, and the indicated average recovery would be the estimated average for each purchase of a share which allegedly incurred damages. Of the gross settlement amount, up to \$33,000 (before fees, expenses, taxes, and interest) will be allocated for claims on transactions in Carter's call and put options, reflecting estimated relative losses.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased the publicly traded securities of Carter's during the period from March 16, 2005 through November 10, 2009, inclusive.

The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about a proposed settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. The Court will review the Settlement at a Settlement Hearing on October 8, 2013. If the Court approves the Settlement, and after objections and appeals are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, Settlement Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Northern District of Georgia. This case results from the consolidation of two separately-filed actions, the first of which was filed by Plymouth County Retirement System and is referred to as the Plymouth Action and the second of which was filed by Scott Mylroie and is referred to as the Mylroie Action. The Consolidated Action is known as *In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT and is assigned to United States District Judge Amy Totenberg. The people who sued are called plaintiffs, and the companies and the persons they sued are called defendants.

The Lead Plaintiff in the Consolidated Action, representing the Settlement Class, is Plymouth County Retirement System.

The remaining Defendant in the Consolidated Action is PwC.

2. What is this lawsuit about?

The main complaint in the Consolidated Action is the Second Amended and Consolidated Class Action Complaint for Violations of Federal Securities Laws (the "Second Amended Complaint"). Following the Carter's Settlement, the only remaining defendant in this class action lawsuit is PwC. The Second Amended Complaint generally alleges, among other things, that PwC violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making alleged misstatements and omissions during the Class Period in its audit opinions on Carter's publicly-filed consolidated year-end financial statements. The alleged misstatements concern the timing of when Carter's recognized accommodations made to certain customers, which PwC allegedly failed to detect during its audits of Carter's consolidated year-end financial statements. The Second Amended Complaint alleges that PwC issued false and misleading unqualified audit opinions in connection with its audits of Carter's consolidated year-end financial statements during the Class Period, which were purportedly conducted in accordance with U.S. Generally Accepted Auditing Standards ("GAAS"). The Second Amended Complaint further alleges that Lead Plaintiff and other Settlement Class Members purchased Carter's publicly traded securities during the Class Period at artificially inflated prices and were damaged thereby.

The Consolidated Action seeks money damages against PwC for violations of the federal securities laws. PwC denies all allegations of misconduct contained in the Second Amended Complaint, and denies 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 PwC with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that PwC has asserted.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case Lead Plaintiff Plymouth County Retirement System), sue on behalf of people who have similar claims. They are known as class members. Here, the Court certified this as a class action for purposes of the Settlement only. Bringing a case as a class action allows adjudication of many similar claims of persons and entities that might be economically too small to bring individual actions. One court resolves the issues for all class members, except for those who exclude themselves from the class. The Court will decide whether to finally certify this as a class action at the Settlement Hearing.

4. Why is there a settlement?

The Court did not finally decide in favor of Lead Plaintiff or PwC. Instead, both sides, with the assistance of former United States District Judge Layn R. Phillips acting as a mediator, agreed to a settlement. That way, they avoid the risks and costs of a trial and the people affected will get compensation immediately, rather than after the time it would take to have a trial and exhaust all appeals. Lead Plaintiff and Lead Counsel think the Settlement is in the best interest of all Settlement Class Members.

WHO IS IN THE SETTLEMENT

To see if you are eligible to get money from this Settlement, you first have to decide if you are a Settlement Class Member.

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

The Court directed, for the purpose of the proposed Settlement, that everyone who fits this description is a Settlement Class Member, unless they are an excluded person or they take steps to exclude themselves (*see* question 13 below): *all Persons who purchased the publicly traded securities of Carter's during the period from March 16, 2005 through November 10, 2009, inclusive and were allegedly damaged thereby.*

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

Excluded from the Settlement Class are: the current or former defendants in the Consolidated Action; the officers and directors of Carter's; the partners and principals of PwC; the members of the immediate families of the former individual defendants in the Consolidated Action; the legal representatives, heirs, successors or assigns of any excluded Person; and any entity in which any current or former defendant has or had a controlling interest. Also excluded from the Settlement Class will be any Person who timely and validly seeks exclusion from the Settlement Class in accordance with the requirements explained below.

If one of your mutual funds purchased or owned shares of Carter's securities during the Class Period, that alone does not make you a Settlement Class Member. You are only eligible to be a Settlement Class Member if you directly purchased or otherwise acquired Carter's securities during the Class Period. Check your investment records or contact your broker to see if you purchased or otherwise acquired Carter's securities during the Class Period.

If you sold Carter's securities during the Class Period, your sale alone does not make you a Settlement Class Member. You are eligible to be a Settlement Class Member only if you **purchased or otherwise acquired** your securities during the Class Period.

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. You can call (866) 833-7918 or visit **www.CartersSecuritiesLitigation.com** for more information. Or you can fill out and return the Proof of Claim and Release form ("Proof of Claim") described on page 5, in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS—WHAT YOU GET

8. What does the Settlement provide?

In exchange for the Settlement and the release of the Released Claims (defined below) against the Released Defendant Parties (defined below), PwC has agreed to create a \$3.3 million fund to be divided, after deduction of Court-awarded attorneys' fees and expenses, settlement administration costs, and any applicable taxes, among all Settlement Class Members who submit valid and timely claims. This will be in addition to any distribution from the Carter's Settlement.

9. How much will my payment be?

Your share of the fund will depend on several things, including: (1) the total amount of Recognized Claims sent in by other Settlement Class Members; (2) how many Carter's securities you bought; (3) how much you paid for them; (4) when you bought them; and (5) whether or when you sold them (and, if so, for how much you sold them).

Your Recognized Claim will be calculated according to the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for your entire Recognized Claim, given the number of potential Settlement Class Members. After all Settlement Class Members have submitted claims, the payment you get will be a portion of the Net Settlement Fund based on your Recognized Claim divided by the total of everyone's Recognized Claims, in each category of security. See the Plan of Allocation beginning on page 9 for more information on your Recognized Claim.

HOW YOU GET A PAYMENT

10. How can I get a payment?

To be eligible for a payment from the Settlement, you must **EITHER**:

(1) have submitted a claim in connection with the prior Carter's Settlement by May 21, 2013; OR

(2) if you **did not** submit a claim in connection with the Carter's Settlement by May 21, 2013, you must timely submit a validly completed Proof of Claim with supporting documents (DO NOT SEND ORIGINALS of your supporting documents) in this Settlement.

DO NOT SUBMIT A CLAIM FORM IF YOU ALREADY SUBMITTED A TIMELY ONE IN CONNECTION WITH THE CARTER'S SETTLEMENT.

If you submitted a claim in the Carter's Settlement by May 21, 2013, that claim and the transactional information you already provided will be used to determine your eligibility for a payment from this Settlement. You are not being mailed a Proof of Claim with this Notice. If you previously received a letter from the Claims Administrator about your Carter's Settlement claim being incomplete, you must contact the Claims Administrator to rectify your claim in the Carter's Settlement. You can check the status of your claim in the Carter's Settlement or the transactions you previously submitted by logging into the website: www.CartersSecuritiesLitigation.com. Information about how to login is being mailed with this Notice. If you do not have access to the website, you can call the Claims Administrator at (866) 833-7918.

If the Claims Administrator **did not** receive a claim from you in connection with the Carter's Settlement or you submitted a claim **after** May 21, 2013, a Proof of Claim is being mailed to you with this Notice. You may also get a Proof of Claim on the Internet at the websites for the Claims Administrator: www.CartersSecuritiesLitigation.com, or Class 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 October 3, 2013. The Claims Administrator needs all of the information requested in the Proof of Claim in order to determine what you may be entitled to.

11. When would I get my payment?

The Court will hold a Settlement Hearing on **October 8, 2013**, to decide whether to approve the Settlement. Even if the Court approves the Settlement, there may still be appeals, which can take time to resolve, perhaps more than a year. It also takes time for all claims to be processed. All Proofs of Claim need to be submitted by **October 3, 2013**.

Once all the claims are processed and calculated, Lead Counsel, without further notice to the Settlement Class, will apply to the Court for an order distributing the Net Settlement Fund to the members of the Settlement Class. Lead Counsel will also ask the Court to approve payment of the Claims Administrator's outstanding fees and expenses incurred in connection with giving notice and administering the Settlement. Please be patient.

12. What am I giving up to get a payment and by staying in the Settlement Class?

Unless you exclude yourself, you will stay in the Settlement Class, which means that upon the "Effective Date" you will release all "Released Claims" (as defined below) against the "Released Defendant Parties" (as defined below).

"Released Claims" means any and all claims, rights, causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, including both known and Unknown Claims (as defined below), whether arising under federal, state, common or administrative law, or any other law, that Lead Plaintiff or any other Class Member: (i) have asserted in the Plymouth Action, Mylroie Action, or Consolidated Action; or (ii) could have asserted in any forum, that arise out, are based upon, or relate in any way, directly or indirectly, to the allegations, transactions, facts, events, occurrences, acts, disclosures, statements, representations or omissions or failures to act involved, set forth, or referred to in the complaints filed in the Plymouth Action, Mylroie

Action, or Consolidated Action, and that relate in any way, directly or indirectly, to the purchase or acquisition during the Class Period of Carter's publicly traded securities. Released Claims do not include: (i) claims to enforce the Settlement; (ii) claims in the shareholder derivative lawsuit entitled *Alvarado v. Bloom*, No. 2010 cv 186118 (Superior Court of Fulton County, Georgia); and (iii) any governmental or regulatory agency's claims in any criminal or civil action against any of the Released Defendant Parties.

"Unknown Claims" means any and all Released Claims, which the Plaintiffs or any other Settlement 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 Defendant's Claims that PwC does not know exist in its favor at the time of the release of the Released Plaintiff Parties, which if known by it might have affected its decisions with respect to the Settlement. With respect to any and all Released Claims and Released Defendant's Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Plaintiffs and PwC, shall expressly, and each other Settlement Class Member 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.

Plaintiffs, the other Settlement Class Members or PwC 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 Defendant's Claims, but Plaintiffs and PwC shall expressly, fully, finally and forever settle and release, and each other Settlement Class Member 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 Defendant's Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and PwC acknowledge, and other Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendant's Claims was separately bargained for and was a key element of the Settlement.

"Released Defendant Parties" means PwC; each of its current or former partners, principals, employees, agents, attorneys, personal or legal representatives, insurers, consultants, experts, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, general or limited partners or partnerships, limited liability companies, trustees, estates, administrators, related or affiliated entities; and any entity in which PwC has a controlling interest.

The "Effective Date" will occur when an Order by the Court approving the Settlement becomes final and is not subject to appeal as set out more fully in the Stipulation on file with the Court.

If you remain a member of the Settlement Class, all of the Court's orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue PwC and the other Released Defendant Parties, on your own, about the Released Claims, then you must take steps to get out. This is called excluding yourself from—sometimes referred to as "opting out" of—the Settlement Class. PwC may withdraw from and terminate the Settlement if putative Settlement Class Members who purchased in excess of a certain amount of Carter's securities during the Class Period exclude themselves from the Settlement Class.

13. How do I get out of the proposed Settlement?

To exclude yourself from the Settlement Class, you must send a signed letter by mail stating that you "request exclusion from the PwC Settlement Class in *In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT (N.D.Ga.)."

Your letter must state the date(s), price(s), and number(s) of shares of all your purchases, acquisitions, and sales of Carter's securities during the Class Period. In addition, be sure to include your name, address, telephone number and your signature. You must mail your exclusion request **postmarked no later than September 17, 2013**, to:

In re Carter's, Inc. Securities Litigation - EXCLUSIONS
Claims Administrator
PO Box 5110
Portland OR 97208-5110

You cannot exclude yourself by telephone or by email. Your exclusion request must comply with these requirements in order to be valid. If you write to request to be excluded, you will not get any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) PwC and the other Released Defendant Parties in the future.

The time to seek exclusion from the Carter's Settlement has passed. A request for exclusion from the proposed Settlement will not exclude you from the Carter's Settlement.

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

No. Unless you exclude yourself, you give up any rights to sue PwC and the other Released Defendant Parties for any and all Released Claims. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from *this* Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is **September 17, 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 PwC and the other Released Defendant Parties.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court appointed the law firm of Labaton Sucharow LLP to represent all Settlement 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, which 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 its services in pursuing the claims against PwC on behalf of the Settlement Class, nor has it been reimbursed for its litigation expenses. At the Settlement Hearing, or at such other time as the Court may order, Lead Counsel will ask the Court to award it, from the Settlement Fund, attorneys' fees of no more than 30% of the Settlement Fund, plus any interest on such amount at the same rate and for the same periods as earned by the Settlement Fund, and to reimburse its litigation expenses (such as the cost of experts) that have been incurred in pursuing the Consolidated Action. The request for reimbursement of expenses will not exceed \$200,000, plus interest on the expenses at the same rate as may be earned by the Settlement Fund.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

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

If you are a Settlement Class Member you can object to the Settlement or any of its terms, the certification of the class, the proposed Plan of Allocation and/or the application by Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any part or all of the Settlement terms or arrangements. The Court will consider your views if you file a proper objection within the deadline and according to the following procedures.

To object, you must send a signed letter stating that you object to the proposed settlement with PwC in "*In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT (N.D.Ga.)." Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s) and number(s) of shares of all purchases, acquisitions and sales of Carter's securities you made during the Class Period, and state the reasons why you object to the Settlement. Your objection must be filed with the Court and postmarked or delivered to all the following on or before **September 17, 2013**:

COURT:

Clerk of the Court
United States District Court
for the Northern District of Georgia
Richard B. Russell Federal Building
and United States Courthouse
75 Spring Street, SW
Atlanta, GA 30303-3309

LEAD COUNSEL:

Jonathan Gardner, Esq.
Labaton Sucharow LLP
140 Broadway
New York, NY 10005

PwC'S COUNSEL:

Elizabeth V. Tanis, Esq.
Juanita P. Kuhner, Esq.
King & Spalding LLP
1180 Peachtree St., N.E.
Atlanta, GA 30309

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

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

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend, and you may ask to speak, but you do not have to do so.

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

The Court will hold a Settlement Hearing at **11:00 a.m. on October 8, 2013**, at the United States District Court for the Northern District of Georgia in the Richard B. Russell Federal Building and United States Courthouse, 75 Spring Street, SW, Atlanta, GA 30303-3309.

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 Net Settlement Fund and the application of Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions set out in question 18 above. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the Settlement Hearing, but decisions regarding the conduct of the Settlement Hearing will be made by the Court. See question 22 for more information about speaking at the Settlement Hearing. After the Settlement Hearing, the Court will decide whether to approve the Settlement, and, if the Settlement is approved, how much attorneys' fees and expenses should be awarded to Lead Counsel. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent. 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 Settlement Hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval. If you submit an objection, you do not have to come to Court to talk about it. As long as you filed and sent your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

22. May I speak at the Settlement Hearing?

If you object to the Settlement, 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) a statement stating that it is your "Notice of Intention to Appear in *In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT (N.D.Ga.)." Persons who intend to object to the Settlement, the Plan of Allocation, and/or Lead Counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Hearing must also include in their written objections the identity of any witness they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the Settlement Hearing if you excluded yourself from the Settlement Class or if you have not provided written notice of your intention to speak at the Settlement Hearing in accordance with the procedures described in questions 18 and 20.

IF YOU DO NOTHING**23. What happens if I do nothing at all?**

If you do nothing, and you did not submit a claim in connection with the prior Carter's Settlement by May 21, 2013, you will get no money from this Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against PwC and the other Released Defendant Parties about the Released Claims in this case, ever again. To share in the Net Settlement Fund you must submit a Proof of Claim (*see* question 10) or have submitted one previously in connection with the Carter's Settlement. To start, continue or be a part of any other lawsuit against PwC and the other Released Defendant Parties about the Released Claims in this case you must exclude yourself from this Settlement Class (*see* question 13).

GETTING MORE INFORMATION**24. Are there more details about the proposed settlement?**

This Notice summarizes the proposed Settlement. More details are in the Stipulation, dated April 24, 2013. You may review the Stipulation filed with the Court or documents filed during the case during business hours at the Office of the Clerk of the United States District Court for the Northern District of Georgia, Richard B. Russell Federal Building and United States Courthouse, 75 Spring Street, SW, Atlanta, GA 30303-3309.

You also can call the Claims Administrator toll free at (866) 833-7918; write to *In re Carter's, Inc. Securities Litigation, Claims Administrator, PO Box 5110, Portland OR 97208-5110*; or visit the websites of the Claims Administrator or Lead Counsel at www.CartersSecuritiesLitigation.com and www.labaton.com, where you can find answers to common questions about the Settlement, download copies of the Stipulation or Proof of Claim, and locate other information to help you determine whether you are a Settlement Class Member and whether you are eligible for a payment.

Please Do Not Call The Court With Questions About The Settlement.

**PLAN OF ALLOCATION OF NET SETTLEMENT FUND
AMONG SETTLEMENT CLASS MEMBERS****25. How will my claim be calculated?**

The purpose of the Plan of Allocation is to distribute settlement proceeds equitably to those Class Members who qualify for distributions from the Net Settlement Fund. The Court may approve the Plan of Allocation, or modify it without additional notice to the Class. Any order modifying the Plan of Allocation will be posted on the settlement website at: www.CartersSecuritiesLitigation.com.

The Net Settlement Fund will be the gross settlement of \$3.3 million reduced by fees and expenses, reduced by taxes, and increased by interest earned on the Settlement Amount. The Net Settlement Fund will be distributed among those Class Members who submit timely and valid Proofs of Claim to the Claims Administrator, which are accepted for payment by the Court ("Authorized Claimants"). No distribution of funds among such Authorized Claimants will occur until (1) the Court has approved the Settlement and a plan of allocation, (2) the time has expired for any petition for rehearing or appeal of the Court's order(s) approving the Settlement and a plan of allocation; and (3) the Court has approved the Claims Administrator's determinations of eligible claims.

Investors in two categories of Carter's securities - common stock and options on common stock - may be eligible to receive funds in the distribution. Of the gross settlement of \$3.3 million, the gross amount of \$3,267,000 (before fees, expenses, taxes, and interest) has been allocated for claims on transactions in Carter's common stock, and the gross amount of up to \$33,000 (before fees, expenses, taxes, and interest) has been allocated for claims on transactions in Carter's call and put options, reflecting estimated relative losses.

One requirement for eligibility to share in the distribution of the Net Settlement Fund is that Settlement Class Members must have purchased Carter's ("CRI") common stock, or purchased a call option on CRI common stock, or sold a put option on CRI common stock, in the "Eligibility Period" from March 16, 2005 through November 9, 2009 inclusive.

Federal securities laws allow investors to recover for losses caused by disclosures which corrected previous misleading statements or omissions, but not for losses caused by broad market conditions or by other events unrelated to a securities

fraud. Therefore, a second requirement for eligibility is that the Settlement Class Member held the CRI security at the time its price declined due to a disclosure of information which corrected an allegedly misleading statement or omission.

Lead Plaintiff and Lead Counsel have identified the following dates of such price declines: October 27, 2009; and November 10, 2009 (the “corrective disclosure dates”). In the case of CRI common stock, the Settlement Class Member must have bought the stock before one of these two corrective disclosure dates, and then held the security until at least one corrective disclosure date. If the stock was purchased and then sold before October 27, 2009; or purchased on or after October 27, 2009 and subsequently sold on or before November 9, 2009, those transactions are excluded from consideration in distribution of settlement proceeds. In the case of CRI call options, a claimant must have purchased the option before one of these two corrective disclosure dates and held it until at least one corrective disclosure date without closing out the position (either by expiration or by selling the option). In the case of CRI put options, a claimant must have sold the option before one of the two corrective disclosure dates, and not closed out the position before a corrective disclosure date (closed out either by expiration or by purchasing the option).

Federal law constrains price inflation under the 90-day-lookback provision of the Public Securities Litigation Reform Act of 1995 (“PSLRA”). In calculating Recognized Loss on the purchase of a share of CRI stock, Recognized Loss may not exceed purchase price minus the 90-day-lookback mean price of \$24.57.

After a Proof of Claim with adequate documentation is submitted to the Claims Administrator, a “Recognized Loss” will be calculated for each purchase of CRI stock or call option or sale of put option in the Eligibility Period, and for a claimant’s total overall transactions in a particular category of security in the Eligibility Period. The Recognized Loss is not intended to be an estimate of the amount which might have been recovered after trial, or an estimate of the amount to be paid an Authorized Claimant from the Net Settlement Fund. The method for calculating Recognized Loss simply provides a basis for allocating the Net Settlement Fund proportionately among Authorized Claimants.

As described in the Second Amended Complaint, the alleged “Accommodations Fraud” extended from and included the beginning of the Class Period on March 16, 2005, through November 9, 2009. Following is a brief description of the announcements on the corrective disclosure dates that allegedly revealed the truth and dissipated the alleged Accommodations Fraud, as determined by Lead Plaintiff and Lead Counsel:

1. **October 27, 2009:** before market open on October 27, 2009, CRI announced it would delay release of third-quarter earnings to complete a review of margin support given wholesale customers.
2. **November 10, 2009:** after market close on November 9, 2009, CRI announced it would restate its financials for fiscal 2004-2008 and the first two quarters of fiscal 2009.

Recognized Loss on CRI Common Stock

If a claimant had a market gain from overall transactions in CRI common stock in the Eligibility Period March 16, 2005 through November 9, 2009, the value of his/her/its claim will be zero. If a claimant suffered an overall market loss on overall transactions in CRI common stock during the Eligibility Period, and that market loss was less than the sum of his/her/its total Recognized Losses on common stock calculated as described in this Plan of Allocation, that claimant’s Recognized Losses on common stock will be limited to the amount of the actual market loss. If a share was purchased on or after March 16, 2005, and held until at least November 10, 2009 (the last corrective disclosure date), market gain or loss on that share purchase will be the difference between purchase price and the PSLRA 90-day-lookback mean price of \$24.57. If a share was purchased on or after March 16, 2005, and sold on or before November 9, 2009, market gain or loss on that share purchase will be the difference between purchase price and sale price.

Lead Plaintiff’s damages expert has calculated the price decline net of market and industry effects for each of the two corrective disclosure dates. The net price declines are used to measure alleged inflation in stock price at each purchase and sale date, as described below.

The formulas for calculating Recognized Loss for purchases, or purchases followed by sales, of CRI common stock during the Eligibility Period are:

1. For a share purchased on or after March 16, 2005, and held until at least November 10, 2009, Recognized Loss will be the lesser of: (a) the appropriate value from Table A (below) for that purchase date; or (b) purchase price minus \$24.57. If purchase price minus \$24.57 is less than zero, the Recognized Loss is zero.
2. For a share purchased on or after March 16, 2005, and sold on or before November 9, 2009, Recognized Loss will be the lesser of: (a) the appropriate value from Table A (below) for that purchase date and sale date; or (b) purchase price minus \$24.57. If purchase price minus \$24.57 is less than zero, the Recognized Loss is zero.

To match purchases and sales within the Eligibility Period, the Claims Administrator will apply a first-in, first-out (“FIFO”)

rule to holdings of CRI stock on March 15, 2005 (the day before the beginning of the Eligibility Period), and to purchases and sales of CRI stock in the Eligibility Period. For example, FIFO will match the first shares of CRI stock sold against any shares held as of March 15, 2005, and then against purchases in the Eligibility Period in chronological order, beginning with the earliest purchases in the Eligibility Period. Sales matched to CRI common stock held as of March 15, 2005, will be excluded from calculation of Recognized Loss and market gain or loss.

No Recognized Loss will be calculated for any purchase of stock to cover a short sale.

If each Authorized Claimant's Recognized Loss on CRI common stock related to the disclosure dates can be paid in full, and funds remain in that portion of the Net Settlement Fund allocated to common stock, the remaining amount in that portion of the Net Settlement Fund allocated to common stock will be proportionally redistributed among Authorized Claimants with Recognized Losses on CRI options.

TABLE A

SHARE BOUGHT	And SOLD 3/16/05 - 10/26/09	And SOLD 10/27/09 - 11/9/09	And HELD to 11/10/09 or later
3/16/2005 - 10/26/09	\$0.00	\$6.13	\$8.09
10/27/09 - 11/9/09	NA	\$0.00	\$1.96
11/10/09 or later	NA	NA	\$0.00

Recognized Loss on Purchase of CRI Call Options and Sale of CRI Put Options

A Recognized Loss on a transaction in call or put options will be calculated on an out-of-pocket basis, with the exception that options exercised or assigned during the Class Period will be treated as CRI common stock purchased on the exercise date.

Recognized Loss on Call Options Purchased: A claimant must have purchased the call option before at least one of the two corrective disclosure dates and held it at least until a corrective disclosure date without closing out the position (either by expiration of the contract or by selling the contract).

If the call option was sold on or before November 9, 2009, and was not held to expiration, the Recognized Loss will be the purchase price minus the sale price. If the call option expired on or before November 9, 2009, the Recognized Loss will be the purchase price minus the value of the call option on the date of expiration. The value of the call option on the date of expiration will be the stock price at date of expiration, minus the strike price, but not less than zero.

If the call option was held unexpired at least through November 9, 2009, the Recognized Loss will be the purchase price minus the historical closing price of the call option on November 10, 2009. Purchases and subsequent sales of the same call options will be matched using FIFO, so that sales will be matched first against call options held on March 15, 2005, and then against the same call options in chronological order of purchase during the Eligibility Period. Sales matched to call options held at the beginning of the Eligibility Period will be excluded from the calculations of Recognized Loss and market gain or loss.

Recognized Loss on Put Options Sold: A claimant must have sold the option contract before at least one of the two corrective disclosure dates and not closed out the position before a corrective disclosure date (closed out either by expiration of the contract or by buying back the contract).

If the put option was repurchased on or before November 9, 2009, the Recognized Loss will be the repurchase price minus the sale price. If the put option expired on or before November 9, 2009, and the position was not closed out prior to expiration, the Recognized Loss will be the sale price minus the value of the put option on the date of expiration. The value of the put option on the date of expiration will be the strike price minus the stock price at date of expiration, but not less than zero.

If the put option was held unexpired at least through November 9, 2009, the Recognized Loss will be the sale price minus the historical closing price of the put option on November 10, 2009. Sales and subsequent repurchases of the same put option will be matched using FIFO, so that repurchases will be matched first against the same put option sold on or before March 15, 2005 and having an open position, and then against the same put option in chronological order of sale during the Eligibility Period. Repurchases matched to put options sold before the beginning of the Eligibility Period will be excluded from the calculations of Recognized Loss and market gain or loss.

Additional Provisions Relating to Options

If a claimant had an overall market gain from overall transactions in options on CRI common stock in the Class Period March 16, 2005 through November 10, 2009, the value of his/her/its claim will be zero. If a claimant suffered an overall market loss on overall transactions in options during the Class Period, and that market loss was less than the sum of his/her/its total Recognized Losses on options calculated as described in this Plan of Allocation, that claimant's Recognized Losses on options will be limited to the amount of the actual market loss on options.

Market gain or loss on an option will be calculated on an out-of-pocket basis excluding the requirement that the option be purchased or sold before a corrective disclosure date and the position held open until at least the second corrective disclosure date.

If each Authorized Claimant's Recognized Loss on CRI options can be paid in full, and funds remain in that portion of the Net Settlement Fund allocated to options, the remaining amount in that portion of the Net Settlement Fund allocated to options will be proportionally redistributed among Authorized Claimants with Recognized Losses on CRI common stock.

Other Provisions of the Plan of Allocation

Recognized Loss is zero on purchases of any shares of CRI common stock which were not publicly registered or were restricted from trading.

Purchases and sales of CRI stock and options will be considered to have occurred on the "contract" or "trade" date, as opposed to the "settlement" or "payment" date. The amount paid or received for such securities will exclude commissions, taxes, and fees.

Recognized Loss will be calculated only on purchases of CRI stock or options. No Recognized Loss will be calculated on receipt of such securities by gift, grant, inheritance, or operation of law.

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

Each Authorized Claimant will recover his/her/its *pro rata* share of the Net Settlement Fund allocated to each category of security (*i.e.* common stock and options) based on his/her/its Recognized Loss on each category of security. To the extent there are sufficient funds in the Net Settlement Fund allocated to each security, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Loss on the respective category of security. If, however, the amount in the Net Settlement Fund for each security is not sufficient to permit payment of the total of all Recognized Losses within that category of security, then each Authorized Claimant will be paid the percentage of the Net Settlement Fund for that security that each Authorized Claimant's recognized claim bears to the total of the claims of all Authorized Claimants ("*pro rata* share") for that category of security. If the Authorized Claimant's total of *pro rata* claims for both common stock and options is less than \$10.00, it will be removed from the calculation and will not be paid given the administrative expenses of processing payments.

Distributions to Authorized Claimants will be made after all claims have been processed and after the Court has approved the Claims Administrator's determinations. After an initial distribution of the Net Settlement Fund, if Lead Counsel in consultation with the Claims Administrator determines that redistribution(s) is cost-effective, the Claims Administrator will redistribute any funds remaining in the Net Settlement Fund to Authorized Claimants who have cashed their initial distribution checks, after payment from the Net Settlement Fund of any unpaid taxes, fees, or expenses incurred in administering the fund including in making distributions. If redistribution of funds remaining in the Net Settlement Fund is determined not to be cost-effective, the balance remaining in the Net Settlement Fund will be contributed to a nonsectarian nonprofit organization(s) serving the public interest, designated by Lead Plaintiff and approved by the Court.

Each claimant is deemed to have submitted to the jurisdiction of the United States District Court for the Northern District of Georgia with respect to his/her/its Proof of Claim.

Dated: June 5, 2013

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

In re Carter's, Inc. Securities Litigation
 Claims Administrator
 PO Box 5110
 Portland, OR 97208-5110

IMPORTANT INFORMATION & KEY DATES	
TOLL FREE NUMBER:	866-833-7918
WEBSITE:	www.CartersSecuritiesLitigation.com
EMAIL:	info@CartersSecuritiesLitigation.com
OBJECTION/EXCLUSION DEADLINE:	September 17, 2013
SETTLEMENT FAIRNESS HEARING:	October 8, 2013
DEADLINE TO SUBMIT CLAIM FORMS:	October 3, 2013

PROOF OF CLAIM AND RELEASE

Settlement with PricewaterhouseCoopers LLP

THIS PROOF OF CLAIM IS ONLY TO BE USED BY CLAIMANTS WHO DID NOT SUBMIT A CLAIM BY MAY 21, 2013 IN CONNECTION WITH THE PRIOR CARTER'S SETTLEMENT. IF YOU DID SUBMIT A CARTER'S CLAIM, YOU DO NOT NEED TO DO SO AGAIN.

If you **did not** submit a claim in connection with the prior Carter's Settlement by May 21, 2013, you must complete and, on page 7 below, sign this Proof of Claim and Release form ("Proof of Claim") in order to recover from the Net Settlement Fund created in connection with the settlement with the last remaining defendant in the Consolidated Action, PricewaterhouseCoopers LLP (the "PwC Settlement"). 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 Net Settlement Fund in the PwC Settlement. Submission of this Proof of Claim, however, does not assure that you will share in the Net Settlement Fund.

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

In re Carter's, Inc. Securities Litigation
 Claims Administrator
 PO Box 5110
 Portland, OR 97208-5110

If you are NOT a Member of the Settlement Class (as defined in the Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP and Motion for Attorneys' Fees and Expenses (the "Notice")) DO NOT submit a Proof of Claim. If you did not submit a claim in connection with the Carter's Settlement and you wish to do so, please contact the Claims Administrator or check the website to obtain a copy of the claim form.

If you are a Member of the Settlement 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 that accompanies this Proof of Claim.

Call Option: A contract that gives the purchaser the right to purchase the underlying common stock at a specified price up to a specified date from the writer of the option contract.

Put Option: A contract that gives the purchaser the right to sell the underlying common stock at a specified price up to a specified date to the writer of the option contract.

IDENTIFICATION OF CLAIMANT

If you purchased or otherwise acquired (including by exchange, conversion or otherwise) the publicly traded securities (*i.e.*, common stock and options) of Carter's, Inc. during the period from March 16, 2005 through November 9, 2009, inclusive (the "Eligibility Period") and held the securities in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased or otherwise acquired Carter's common stock or options during the Eligibility 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 Carter's securities that form the basis of this claim, as well as the purchaser of record if different. **THIS CLAIM MUST BE SUBMITTED BY THE ACTUAL BENEFICIAL PURCHASER(S) OR AUTHORIZED OR LEGAL REPRESENTATIVE(S) OF SUCH PURCHASER(S) OF THE CARTER'S SECURITIES 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 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: (866) 833-7918; www.CartersSecuritiesLitigation.com; or info@CartersSecuritiesLitigation.com.

IDENTIFICATION OF TRANSACTION(S)

Use Parts II and III of this form to supply all required details of your transaction(s) in Carter's common stock and options. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same format. 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 Carter's common stock and options as of the beginning of trading on March 16, 2005; (ii) **all** of your purchases, other acquisitions and sales of Carter's common stock and options which took place at any time beginning March 16, 2005 through, and including, November 9, 2009; and (iii) proof of your holdings of Carter's common stock and options as of the opening of trading on November 10, 2009, 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 periods 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 Carter's securities should be attached to your claim. **DO NOT SEND ORIGINALS.** 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: (866) 833-7918; www.CartersSecuritiesLitigation.com; or info@CartersSecuritiesLitigation.com. Although the Claims Administrator does not have information about your transactions in Carter's securities, someone will be able to help you with the process of locating your information.

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA

In re Carter's, Inc. Securities Litigation
No. 1:08-CV-2940-AT
PROOF OF CLAIM

Must be Postmarked No Later Than:
October 3, 2013

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

Last Name (Beneficial Owner)	MI	First Name (Beneficial Owner)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Last Name (Joint Beneficial Owner)	MI	First Name (Joint Beneficial Owner)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Business Name (if Beneficial Owner is not an individual)

Representative Name

Mailing Address

City	State	Zip Code
<input type="text"/>	<input type="text"/>	<input type="text"/>

Foreign Province	Foreign Country
<input type="text"/>	<input type="text"/>

Social Security Number	OR	Taxpayer Identification Number
<input type="text"/> - <input type="text"/> - <input type="text"/>		<input type="text"/>

Check appropriate box:

- | | | |
|--|---|--------------------------------|
| <input type="checkbox"/> Individual or Sole Proprietor | <input type="checkbox"/> Pension Plan | <input type="checkbox"/> Trust |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Partnership | |
| <input type="checkbox"/> IRA | <input type="checkbox"/> Other _____ (please specify) | |

Telephone Number (work)	Telephone Number (home)
<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/> - <input type="text"/> - <input type="text"/>

Facsimile Number

 - -

Email (optional)

Account Number

Were your shares held in "street name" (i.e., in the name of a stock broker or other nominee)? If so, that broker or nominee is the Record Owner. Please fill in the following line.

Record Owner's Name (if different from beneficial owner listed above); e.g. brokerage firm, bank, nominee, etc.

Did you submit a claim form in connection with the prior Carter’s Settlement?

Yes No

PART II: SCHEDULE OF TRANSACTIONS IN CARTER’S STOCK

A. Number of shares of Carter’s common stock held at the beginning of trading on March 16, 2005:

--	--	--	--	--	--	--	--	--	--	--	--

B. Purchases or other acquisitions, including by way of exchange, conversion or otherwise (from March 16, 2005 to November 9, 2009, inclusive) of Carter’s common stock:

Trade Date (MM/DD/YY)	Number of Shares Purchased or Acquired	Total Purchase Price*	Transaction Type †	Price Per Share

* Excluding taxes, fees, and commissions.
 † P = Purchase, R = Receipt, SP = Stock Split (Please note, there was a stock split on June 7, 2006)

C. Sales (from March 16, 2005 to November 9, 2009, inclusive) of Carter’s common stock:

Trade Date (MM/DD/YY)	Number of Shares Sold	Total Sale Price*	Transaction Type †	Price Per Share

* Excluding taxes, fees, and commissions.
 † S=Sale, D=Delivery

D. Number of shares of Carter’s common stock held at beginning of trading on November 10, 2009:

--	--	--	--	--	--	--	--	--	--	--	--

E. Check here if any of your purchases were used to cover a short position (“Short Sale”)

PART III: SCHEDULE OF TRANSACTIONS IN CARTER'S CALL OPTIONS

A. At the beginning of trading on March 16, 2005, the following call options on Carter's common stock were owned:

Date of Purchase MMDDYY	Number of Contracts	Expiration MM YY	Strike Price	Purchase Price Per Contract	Amount Paid*	Exercised "E" or Expired "X" (blank if neither)	Exercised Date MMDDYY

B. Purchases, including by way of exchange, conversion or otherwise (between March 16, 2005 and November 9, 2009, inclusive) of call options on Carter's common stock:

Date of Purchase MMDDYY	Number of Contracts	Expiration MM YY	Strike Price	Purchase Price Per Contract	Amount Paid*	Exercised "E" or Expired "X" (blank if neither)	Exercised Date MMDDYY

(Please note, there was a stock split on June 7, 2006. If you received shares in this split, you should indicate those shares above.)

C. Sales of call options on Carter's common stock in which call options were purchased on or before November 9, 2009 (include all such sales no matter when they occurred):

Date of Purchase MMDDYY	Number of Contracts	Expiration MM YY	Strike Price	Sale Price Per Contract	Amount Received*

* Excluding taxes, fees, and commissions.

D. At the beginning of trading on November 10, 2009, the following call options on Carter's common stock were owned:

Number of Contracts	Expiration MM YY	Strike Price	Sale Price Per Contract	Assigned "A" or Expired "X" (blank if neither)	Assign Date MMDDYY

PART IV: SCHEDULE OF TRANSACTIONS IN CARTER'S PUT OPTIONS

A. At the beginning of trading on March 16, 2005 the following put options written on Carter's common stock were open:

Number of Contracts	Expiration MM YY	Strike Price	Sale Price Per Contract	Amount Received*	Assigned "A" or Expired "X" (blank if neither)	Assign Date MMDDYY
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

B. Written (sold) put options on Carter's common stock (between March 16, 2005 and November 9, 2009, inclusive) as follows:

Date of Writing (Sale) MMDDYY	Number of Contracts	Expiration of Options MM YY	Strike Price	Sale Price Per Contract	Amount* Received	Assigned "A" or Expired "X" (blank if neither)	Assign Date MMDDYY
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

C. Purchases of put options on Carter's common stock that were written (sold) on or before November 9, 2009, (include all purchases no matter when they occurred):

Date of Purchase MMDDYY	Number of Contracts	Expiration MM YY	Strike Price of Options	Price Paid Per Contract	Aggregate Cost*
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

D. At the beginning of trading on November 10, 2009, the following put options on Carter's common stock were owned:

Date of Purchase MMDDYY	Number of Contracts	Expiration MM YY	Strike Price of Options	Purchase Price Per Contract	Amount Paid*	Exercised "E" or Expired "X" (blank if neither)	Exercise Date MMDDYY
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

*Excluding taxes, fees, and commissions.

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOU ARE NOT FINISHED YET. YOU MUST READ THE RELEASE AND SIGN ON PAGE 7. FAILURE TO SIGN THE RELEASE MAY RESULT IN A DELAY IN PROCESSING OR THE REJECTION OF YOUR CLAIM.

PART V: SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim under the terms of the Stipulation and Agreement of Settlement with PricewaterhouseCoopers LLP (“Stipulation”) described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Northern District of Georgia with respect to my (our) claim as a Settlement 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 as to PricewaterhouseCoopers LLP 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 Carter’s securities during the relevant period and know of no other Person having done so on my (our) behalf.

PART VI: 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 Carter’s common stock and options that occurred during the relevant time periods and the number of shares of Carter’s common stock and options 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 Settlement Class as defined herein and in the Notice.
6. The number(s) shown on this form is (are) the correct SSN/TIN; and
7. I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(C) of the Internal Revenue Code because: (a) I am (we are) exempt from backup withholding; or (b) I (we) have not been notified by the Internal Revenue Service that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the Internal Revenue Service has notified me (us) that I am (we are) no longer subject to backup withholding.

(NOTE: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, you must cross out Item 7 above.)

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 - -
 MM DD YY

Print Name

Signature of Joint Owner

Date - -
 MM DD YY

Print Name

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

Reminder Checklist:

1. Please sign the above release and certification.
2. Remember to attach only copies of supporting documentation.
3. Do not send original stock certificates or documentation. These items cannot be returned to you by the Claims Administrator.
4. Keep a copy of the completed Proof of Claim and documentation for your records.
5. The Claims Administrator will acknowledge receipt of your Claim Form by mail, within 60 days. Your claim is not deemed filed until you receive an acknowledgement postcard. If you do not receive an acknowledgement postcard within 60 days, please call the Claims Administrator.
6. If you move, please send the Claims Administrator your new address.
7. If you have any questions or concerns regarding your Proof of Claim, please contact the Claims Administrator at the address on page 1 above or at 866-833-7918, or visit www.CartersSecuritiesLitigation.com.

EXHIBIT B

In re Carter's, Inc. Securities Litigation
PO Box 5110
Portland, OR 97208-5110

Website: www.CartersSecuritiesLitigation.com
Email: info@CartersSecuritiesLitigation.com
Phone: (866) 833-7918

Claim Number: <<Claim #>>

RESPONSE DUE DATE: <<Date + 60days>>

Dear Claimant:

You submitted a Proof of Claim, or a Proof of Claim was submitted on your behalf, ("Claim") in connection with the previously approved settlement in the class action known as *In re Carter's, Inc. Securities Litigation*, Case No. 1:08-cv-2940-AT (N.D.Ga) (the "Carter's Settlement"). We are writing to inform you that there has been an additional settlement reached with the last remaining defendant PricewaterhouseCoopers LLP (the "PwC Settlement"). Information about the PwC Settlement and your rights can be found in the enclosed Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP and Motion for Attorneys' Fees and Expenses (the "Notice"), on the settlement website, or can be requested via phone, email or letter using the contact information noted above.

In order to ease the burden on the Settlement Class, the information you submitted for the Carter's Settlement has automatically been entered as a Claim in the PwC Settlement. **You do not need to take any further action to make a Claim in the PwC Settlement.** (However, if you wish to be excluded from the Settlement Class or object to the PwC Settlement, please read the Notice.)

You may verify the information we have on file for you using our secure website www.CartersSecuritiesLitigation.com under the tab "Review Claim" and using the following log-in information:

Claim Number: <<Claim #>>

Password: <<Password>>

Please review the information and status of your Claim. If you have any changes or additional information for your Claim, please follow the instructions on our website for submitting additional information. Please submit any changes within **60 days of the date of this letter.** If you send us correspondence, please include your name and claim number.

If you have any questions, please visit www.CartersSecuritiesLitigation.com, or contact us at the toll free number or email address noted above.

Sincerely,

In re Carter's, Inc. Securities Litigation
Claims Administrator

For Questions Please Call: (866) 833-7918

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

In re CARTER'S, INC. SECURITIES LITIGATION

Civil Action No. 1:08-CV-2940-AT

**NOTICE OF PENDENCY OF CLASS ACTION AND
PROPOSED SETTLEMENT WITH PRICEWATERHOUSECOOPERS LLP
AND MOTION FOR ATTORNEYS' FEES AND EXPENSES**

If you purchased the publicly traded securities of Carter's, Inc ("Carter's") during the period from March 16, 2005 through November 10, 2009, inclusive (the "Class Period"), and were allegedly damaged thereby, you may be entitled to a payment from this class action settlement.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

- If approved by the Court, the proposed settlement with defendant PricewaterhouseCoopers LLP ("PwC" or the "Defendant") will provide a \$3.3 million settlement fund for the benefit of eligible investors (the "Settlement") who purchased the publicly traded securities of Carter's during the Class Period, and were allegedly damaged thereby (the "Settlement Class").¹
- The Settlement resolves all remaining claims in a class action lawsuit concerning an alleged scheme to mislead investors regarding the financial condition and practices of Carter's during the Class Period; avoids the costs and risks of continuing the litigation; pays money to investors like you; and releases PwC from potential liability.
- The Settlement is in addition to a previously approved \$20 million settlement with Carter's and certain related defendants (the "Carter's Settlement").
- Your legal rights are affected whether you act or do not act. Read this Notice carefully.
- The Court will review the Settlement at the Settlement Hearing to be held on October 8, 2013.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

SUBMIT A CLAIM FORM BY OCTOBER 3, 2013	If you did <i>not</i> previously submit a claim in connection with the Carter's Settlement, you must do so now in order to be eligible to recover from the proposed Settlement with PwC. If you <i>did</i> previously submit a claim, you do not need to do so again, <i>see</i> question 10.
EXCLUDE YOURSELF BY SEPTEMBER 17, 2013	Get no payment. This is the <i>only</i> option that allows you to ever bring or be part of any <i>other</i> lawsuit about the Released Claims against the Defendant and the other Released Defendant Parties. This is the <i>only</i> option that removes you from the Settlement Class, if you are a Settlement Class Member.
OBJECT BY SEPTEMBER 17, 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 Settlement Class.
GO TO A HEARING ON OCTOBER 8, 2013	Ask to speak in Court about the Settlement at the Settlement Hearing.
DO NOTHING	Get no payment, if you did not submit a claim in the Carter's Settlement. Give up rights.

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement and whether to finally certify this as a class action. Payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

¹ All capitalized terms not otherwise defined in this Notice shall have the meaning provided in the Stipulation and Agreement of Settlement with PricewaterhouseCoopers LLP, dated as of April 24, 2013 (the "Stipulation").

SUMMARY OF THIS NOTICE

(a) Statement of Plaintiffs' Recovery

Pursuant to this proposed Settlement with PwC, a Settlement Fund consisting of \$3.3 million in cash, plus any accrued interest, has been established. Based on Lead Plaintiff's estimate of the number of shares of common stock entitled to participate in the Settlement, and assuming that all such shares entitled to participate do so, Lead Plaintiff estimates that the average recovery per allegedly damaged share of Carter's common stock would be approximately \$0.13 per share, before deduction of Court-approved expenses, such as attorneys' fees and expenses². A Settlement Class Member's actual recovery will be a portion of the Net Settlement Fund determined by comparing his or her Recognized Claim to the total Recognized Claims of all Settlement Class Members who submit acceptable Proofs of Claim. An individual Settlement Class Member's actual recovery will depend on, for example: (1) the total number of claims submitted; (2) when the Settlement Class Member purchased Carter's securities during the Class Period; (3) the purchase price paid; (4) the type of security purchased; and (5) whether those Carter's securities were held at the end of the Class Period or sold during the Class Period (and, if sold, when they were sold and the amount received). See the Plan of Allocation beginning on page 9 for more information on your Recognized Claim.

(b) Statement of Potential Outcome if the Action Continued to Be Litigated

The Settling Parties disagree about whether PwC is liable for the claims asserted against it and whether it caused any damages. The issues on which the Settling Parties disagree include, but are not limited to: (1) whether PwC made any material misstatements or omissions; (2) whether PwC acted with the required state of mind; (3) the amount by which Carter's securities were allegedly artificially inflated (if at all) during the Class Period; (4) the extent to which the various matters that Lead Plaintiff alleged were false and misleading influenced (if at all) the trading price of Carter's securities at various times during the Class Period; (5) whether any purchasers of Carter's securities have suffered damages as a result of the alleged misstatements and omissions in Carter's public statements; (6) the extent of such damages, assuming they exist; (7) the appropriate economic model for measuring damages; and (8) the extent to which external factors, such as general market and industry conditions, influenced the trading price of Carter's securities at various times during the Class Period.

PwC denies that it did anything wrong, denies any liability to Lead Plaintiff, and denies that Lead Plaintiff and the Settlement Class have suffered any losses attributable to PwC's actions. While Lead Plaintiff believes that it has meritorious claims, it recognizes that there are significant obstacles in the way to recovery.

(c) Statement of Attorneys' Fees and Expenses Sought

Lead Counsel intends to make a motion asking the Court to award it attorneys' fees of no more than 30% of the Settlement Fund, and reimbursement of litigation expenses incurred in prosecuting this action in an amount not to exceed \$200,000, plus any interest on such amounts at the same rate and for the same periods as earned by the Settlement Fund ("Fee and Expense Application"). If the Court approves the Fee and Expense Application, the average cost of attorneys' fees and litigation expenses will be less than \$0.05 per share of common stock. The average cost per share will vary depending on the number of acceptable claims submitted. Lead Counsel has expended considerable time and effort in litigating the claims against PwC without receiving any payment, and has advanced the expenses of the litigation, such as the cost of experts, in the expectation that if it were successful in obtaining a recovery for the Settlement Class it would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovered as attorneys' fees.

(d) Further Information

Further information regarding this action and this Notice may be obtained by contacting the Claims Administrator: PO Box 5110, Portland OR 97208-5110, (866) 833-7918, www.CartersSecuritiesLitigation.com or Lead Counsel: Labaton Sucharow LLP, (888) 219-6877, www.labaton.com, settlementquestions@labaton.com.

Do Not Call The Court With Questions About The Settlement.

(e) Reasons for the Settlement

For Lead Plaintiff, the principal reason for the Settlement is the immediate benefit to the Settlement Class. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

For PwC, who denies all allegations of wrongdoing or liability whatsoever, the principal reason for the Settlement is to eliminate the expense, risks, and uncertain outcome of the litigation.

[END OF COVER PAGE]

² An allegedly damaged share might have been traded more than once during the Class Period, and the indicated average recovery would be the estimated average for each purchase of a share which allegedly incurred damages. Of the gross settlement amount, up to \$33,000 (before fees, expenses, taxes, and interest) will be allocated for claims on transactions in Carter's call and put options, reflecting estimated relative losses.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased the publicly traded securities of Carter's during the period from March 16, 2005 through November 10, 2009, inclusive.

The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about a proposed settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. The Court will review the Settlement at a Settlement Hearing on October 8, 2013. If the Court approves the Settlement, and after objections and appeals are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, Settlement Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Northern District of Georgia. This case results from the consolidation of two separately-filed actions, the first of which was filed by Plymouth County Retirement System and is referred to as the Plymouth Action and the second of which was filed by Scott Mylroie and is referred to as the Mylroie Action. The Consolidated Action is known as *In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT and is assigned to United States District Judge Amy Totenberg. The people who sued are called plaintiffs, and the companies and the persons they sued are called defendants.

The Lead Plaintiff in the Consolidated Action, representing the Settlement Class, is Plymouth County Retirement System.

The remaining Defendant in the Consolidated Action is PwC.

2. What is this lawsuit about?

The main complaint in the Consolidated Action is the Second Amended and Consolidated Class Action Complaint for Violations of Federal Securities Laws (the "Second Amended Complaint"). Following the Carter's Settlement, the only remaining defendant in this class action lawsuit is PwC. The Second Amended Complaint generally alleges, among other things, that PwC violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making alleged misstatements and omissions during the Class Period in its audit opinions on Carter's publicly-filed consolidated year-end financial statements. The alleged misstatements concern the timing of when Carter's recognized accommodations made to certain customers, which PwC allegedly failed to detect during its audits of Carter's consolidated year-end financial statements. The Second Amended Complaint alleges that PwC issued false and misleading unqualified audit opinions in connection with its audits of Carter's consolidated year-end financial statements during the Class Period, which were purportedly conducted in accordance with U.S. Generally Accepted Auditing Standards ("GAAS"). The Second Amended Complaint further alleges that Lead Plaintiff and other Settlement Class Members purchased Carter's publicly traded securities during the Class Period at artificially inflated prices and were damaged thereby.

The Consolidated Action seeks money damages against PwC for violations of the federal securities laws. PwC denies all allegations of misconduct contained in the Second Amended Complaint, and denies 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 PwC with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that PwC has asserted.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case Lead Plaintiff Plymouth County Retirement System), sue on behalf of people who have similar claims. They are known as class members. Here, the Court certified this as a class action for purposes of the Settlement only. Bringing a case as a class action allows adjudication of many similar claims of persons and entities that might be economically too small to bring individual actions. One court resolves the issues for all class members, except for those who exclude themselves from the class. The Court will decide whether to finally certify this as a class action at the Settlement Hearing.

4. Why is there a settlement?

The Court did not finally decide in favor of Lead Plaintiff or PwC. Instead, both sides, with the assistance of former United States District Judge Layn R. Phillips acting as a mediator, agreed to a settlement. That way, they avoid the risks and costs of a trial and the people affected will get compensation immediately, rather than after the time it would take to have a trial and exhaust all appeals. Lead Plaintiff and Lead Counsel think the Settlement is in the best interest of all Settlement Class Members.

WHO IS IN THE SETTLEMENT

To see if you are eligible to get money from this Settlement, you first have to decide if you are a Settlement Class Member.

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

The Court directed, for the purpose of the proposed Settlement, that everyone who fits this description is a Settlement Class Member, unless they are an excluded person or they take steps to exclude themselves (*see* question 13 below): *all Persons who purchased the publicly traded securities of Carter's during the period from March 16, 2005 through November 10, 2009, inclusive and were allegedly damaged thereby.*

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

Excluded from the Settlement Class are: the current or former defendants in the Consolidated Action; the officers and directors of Carter's; the partners and principals of PwC; the members of the immediate families of the former individual defendants in the Consolidated Action; the legal representatives, heirs, successors or assigns of any excluded Person; and any entity in which any current or former defendant has or had a controlling interest. Also excluded from the Settlement Class will be any Person who timely and validly seeks exclusion from the Settlement Class in accordance with the requirements explained below.

If one of your mutual funds purchased or owned shares of Carter's securities during the Class Period, that alone does not make you a Settlement Class Member. You are only eligible to be a Settlement Class Member if you directly purchased or otherwise acquired Carter's securities during the Class Period. Check your investment records or contact your broker to see if you purchased or otherwise acquired Carter's securities during the Class Period.

If you sold Carter's securities during the Class Period, your sale alone does not make you a Settlement Class Member. You are eligible to be a Settlement Class Member only if you **purchased or otherwise acquired** your securities during the Class Period.

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. You can call (866) 833-7918 or visit **www.CartersSecuritiesLitigation.com** for more information. Or you can fill out and return the Proof of Claim and Release form ("Proof of Claim") described on page 5, in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS—WHAT YOU GET

8. What does the Settlement provide?

In exchange for the Settlement and the release of the Released Claims (defined below) against the Released Defendant Parties (defined below), PwC has agreed to create a \$3.3 million fund to be divided, after deduction of Court-awarded attorneys' fees and expenses, settlement administration costs, and any applicable taxes, among all Settlement Class Members who submit valid and timely claims. This will be in addition to any distribution from the Carter's Settlement.

9. How much will my payment be?

Your share of the fund will depend on several things, including: (1) the total amount of Recognized Claims sent in by other Settlement Class Members; (2) how many Carter's securities you bought; (3) how much you paid for them; (4) when you bought them; and (5) whether or when you sold them (and, if so, for how much you sold them).

Your Recognized Claim will be calculated according to the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for your entire Recognized Claim, given the number of potential Settlement Class Members. After all Settlement Class Members have submitted claims, the payment you get will be a portion of the Net Settlement Fund based on your Recognized Claim divided by the total of everyone's Recognized Claims, in each category of security. See the Plan of Allocation beginning on page 9 for more information on your Recognized Claim.

HOW YOU GET A PAYMENT

10. How can I get a payment?

To be eligible for a payment from the Settlement, you must **EITHER**:

(1) have submitted a claim in connection with the prior Carter's Settlement by May 21, 2013; OR

(2) if you **did not** submit a claim in connection with the Carter's Settlement by May 21, 2013, you must timely submit a validly completed Proof of Claim with supporting documents (DO NOT SEND ORIGINALS of your supporting documents) in this Settlement.

DO NOT SUBMIT A CLAIM FORM IF YOU ALREADY SUBMITTED A TIMELY ONE IN CONNECTION WITH THE CARTER'S SETTLEMENT.

If you submitted a claim in the Carter's Settlement by May 21, 2013, that claim and the transactional information you already provided will be used to determine your eligibility for a payment from this Settlement. You are not being mailed a Proof of Claim with this Notice. If you previously received a letter from the Claims Administrator about your Carter's Settlement claim being incomplete, you must contact the Claims Administrator to rectify your claim in the Carter's Settlement. You can check the status of your claim in the Carter's Settlement or the transactions you previously submitted by logging into the website: www.CartersSecuritiesLitigation.com. Information about how to login is being mailed with this Notice. If you do not have access to the website, you can call the Claims Administrator at (866) 833-7918.

If the Claims Administrator **did not** receive a claim from you in connection with the Carter's Settlement or you submitted a claim **after** May 21, 2013, a Proof of Claim is being mailed to you with this Notice. You may also get a Proof of Claim on the Internet at the websites for the Claims Administrator: www.CartersSecuritiesLitigation.com, or Class 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 October 3, 2013. The Claims Administrator needs all of the information requested in the Proof of Claim in order to determine what you may be entitled to.

11. When would I get my payment?

The Court will hold a Settlement Hearing on **October 8, 2013**, to decide whether to approve the Settlement. Even if the Court approves the Settlement, there may still be appeals, which can take time to resolve, perhaps more than a year. It also takes time for all claims to be processed. All Proofs of Claim need to be submitted by **October 3, 2013**.

Once all the claims are processed and calculated, Lead Counsel, without further notice to the Settlement Class, will apply to the Court for an order distributing the Net Settlement Fund to the members of the Settlement Class. Lead Counsel will also ask the Court to approve payment of the Claims Administrator's outstanding fees and expenses incurred in connection with giving notice and administering the Settlement. Please be patient.

12. What am I giving up to get a payment and by staying in the Settlement Class?

Unless you exclude yourself, you will stay in the Settlement Class, which means that upon the "Effective Date" you will release all "Released Claims" (as defined below) against the "Released Defendant Parties" (as defined below).

"Released Claims" means any and all claims, rights, causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, including both known and Unknown Claims (as defined below), whether arising under federal, state, common or administrative law, or any other law, that Lead Plaintiff or any other Class Member: (i) have asserted in the Plymouth Action, Mylroie Action, or Consolidated Action; or (ii) could have asserted in any forum, that arise out, are based upon, or relate in any way, directly or indirectly, to the allegations, transactions, facts, events, occurrences, acts, disclosures, statements, representations or omissions or failures to act involved, set forth, or referred to in the complaints filed in the Plymouth Action, Mylroie

Action, or Consolidated Action, and that relate in any way, directly or indirectly, to the purchase or acquisition during the Class Period of Carter's publicly traded securities. Released Claims do not include: (i) claims to enforce the Settlement; (ii) claims in the shareholder derivative lawsuit entitled *Alvarado v. Bloom*, No. 2010 cv 186118 (Superior Court of Fulton County, Georgia); and (iii) any governmental or regulatory agency's claims in any criminal or civil action against any of the Released Defendant Parties.

"Unknown Claims" means any and all Released Claims, which the Plaintiffs or any other Settlement 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 Defendant's Claims that PwC does not know exist in its favor at the time of the release of the Released Plaintiff Parties, which if known by it might have affected its decisions with respect to the Settlement. With respect to any and all Released Claims and Released Defendant's Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Plaintiffs and PwC, shall expressly, and each other Settlement Class Member 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.

Plaintiffs, the other Settlement Class Members or PwC 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 Defendant's Claims, but Plaintiffs and PwC shall expressly, fully, finally and forever settle and release, and each other Settlement Class Member 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 Defendant's Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and PwC acknowledge, and other Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendant's Claims was separately bargained for and was a key element of the Settlement.

"Released Defendant Parties" means PwC; each of its current or former partners, principals, employees, agents, attorneys, personal or legal representatives, insurers, consultants, experts, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, general or limited partners or partnerships, limited liability companies, trustees, estates, administrators, related or affiliated entities; and any entity in which PwC has a controlling interest.

The "Effective Date" will occur when an Order by the Court approving the Settlement becomes final and is not subject to appeal as set out more fully in the Stipulation on file with the Court.

If you remain a member of the Settlement Class, all of the Court's orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue PwC and the other Released Defendant Parties, on your own, about the Released Claims, then you must take steps to get out. This is called excluding yourself from—sometimes referred to as "opting out" of—the Settlement Class. PwC may withdraw from and terminate the Settlement if putative Settlement Class Members who purchased in excess of a certain amount of Carter's securities during the Class Period exclude themselves from the Settlement Class.

13. How do I get out of the proposed Settlement?

To exclude yourself from the Settlement Class, you must send a signed letter by mail stating that you "request exclusion from the PwC Settlement Class in *In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT (N.D.Ga.)."

Your letter must state the date(s), price(s), and number(s) of shares of all your purchases, acquisitions, and sales of Carter's securities during the Class Period. In addition, be sure to include your name, address, telephone number and your signature. You must mail your exclusion request **postmarked no later than September 17, 2013**, to:

In re Carter's, Inc. Securities Litigation - EXCLUSIONS
Claims Administrator
PO Box 5110
Portland OR 97208-5110

You cannot exclude yourself by telephone or by email. Your exclusion request must comply with these requirements in order to be valid. If you write to request to be excluded, you will not get any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) PwC and the other Released Defendant Parties in the future.

The time to seek exclusion from the Carter's Settlement has passed. A request for exclusion from the proposed Settlement will not exclude you from the Carter's Settlement.

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

No. Unless you exclude yourself, you give up any rights to sue PwC and the other Released Defendant Parties for any and all Released Claims. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from *this* Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is **September 17, 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 PwC and the other Released Defendant Parties.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court appointed the law firm of Labaton Sucharow LLP to represent all Settlement 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, which 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 its services in pursuing the claims against PwC on behalf of the Settlement Class, nor has it been reimbursed for its litigation expenses. At the Settlement Hearing, or at such other time as the Court may order, Lead Counsel will ask the Court to award it, from the Settlement Fund, attorneys' fees of no more than 30% of the Settlement Fund, plus any interest on such amount at the same rate and for the same periods as earned by the Settlement Fund, and to reimburse its litigation expenses (such as the cost of experts) that have been incurred in pursuing the Consolidated Action. The request for reimbursement of expenses will not exceed \$200,000, plus interest on the expenses at the same rate as may be earned by the Settlement Fund.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

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

If you are a Settlement Class Member you can object to the Settlement or any of its terms, the certification of the class, the proposed Plan of Allocation and/or the application by Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any part or all of the Settlement terms or arrangements. The Court will consider your views if you file a proper objection within the deadline and according to the following procedures.

To object, you must send a signed letter stating that you object to the proposed settlement with PwC in "*In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT (N.D.Ga.)." Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s) and number(s) of shares of all purchases, acquisitions and sales of Carter's securities you made during the Class Period, and state the reasons why you object to the Settlement. Your objection must be filed with the Court and postmarked or delivered to all the following on or before **September 17, 2013**:

COURT:
Clerk of the Court
United States District Court
for the Northern District of Georgia
Richard B. Russell Federal Building
and United States Courthouse
75 Spring Street, SW
Atlanta, GA 30303-3309

LEAD COUNSEL:
Jonathan Gardner, Esq.
Labaton Sucharow LLP
140 Broadway
New York, NY 10005

PwC'S COUNSEL:
Elizabeth V. Tanis, Esq.
Juanita P. Kuhner, Esq.
King & Spalding LLP
1180 Peachtree St., N.E.
Atlanta, GA 30309

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

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

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend, and you may ask to speak, but you do not have to do so.

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

The Court will hold a Settlement Hearing at **11:00 a.m. on October 8, 2013**, at the United States District Court for the Northern District of Georgia in the Richard B. Russell Federal Building and United States Courthouse, 75 Spring Street, SW, Atlanta, GA 30303-3309.

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 Net Settlement Fund and the application of Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions set out in question 18 above. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the Settlement Hearing, but decisions regarding the conduct of the Settlement Hearing will be made by the Court. See question 22 for more information about speaking at the Settlement Hearing. After the Settlement Hearing, the Court will decide whether to approve the Settlement, and, if the Settlement is approved, how much attorneys' fees and expenses should be awarded to Lead Counsel. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent. 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 Settlement Hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval. If you submit an objection, you do not have to come to Court to talk about it. As long as you filed and sent your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

22. May I speak at the Settlement Hearing?

If you object to the Settlement, 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) a statement stating that it is your "Notice of Intention to Appear in *In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT (N.D.Ga.)." Persons who intend to object to the Settlement, the Plan of Allocation, and/or Lead Counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Hearing must also include in their written objections the identity of any witness they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the Settlement Hearing if you excluded yourself from the Settlement Class or if you have not provided written notice of your intention to speak at the Settlement Hearing in accordance with the procedures described in questions 18 and 20.

IF YOU DO NOTHING**23. What happens if I do nothing at all?**

If you do nothing, and you did not submit a claim in connection with the prior Carter's Settlement by May 21, 2013, you will get no money from this Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against PwC and the other Released Defendant Parties about the Released Claims in this case, ever again. To share in the Net Settlement Fund you must submit a Proof of Claim (*see* question 10) or have submitted one previously in connection with the Carter's Settlement. To start, continue or be a part of any other lawsuit against PwC and the other Released Defendant Parties about the Released Claims in this case you must exclude yourself from this Settlement Class (*see* question 13).

GETTING MORE INFORMATION**24. Are there more details about the proposed settlement?**

This Notice summarizes the proposed Settlement. More details are in the Stipulation, dated April 24, 2013. You may review the Stipulation filed with the Court or documents filed during the case during business hours at the Office of the Clerk of the United States District Court for the Northern District of Georgia, Richard B. Russell Federal Building and United States Courthouse, 75 Spring Street, SW, Atlanta, GA 30303-3309.

You also can call the Claims Administrator toll free at (866) 833-7918; write to *In re Carter's, Inc. Securities Litigation, Claims Administrator, PO Box 5110, Portland OR 97208-5110*; or visit the websites of the Claims Administrator or Lead Counsel at www.CartersSecuritiesLitigation.com and www.labaton.com, where you can find answers to common questions about the Settlement, download copies of the Stipulation or Proof of Claim, and locate other information to help you determine whether you are a Settlement Class Member and whether you are eligible for a payment.

Please Do Not Call The Court With Questions About The Settlement.

**PLAN OF ALLOCATION OF NET SETTLEMENT FUND
AMONG SETTLEMENT CLASS MEMBERS**

25. How will my claim be calculated?

The purpose of the Plan of Allocation is to distribute settlement proceeds equitably to those Class Members who qualify for distributions from the Net Settlement Fund. The Court may approve the Plan of Allocation, or modify it without additional notice to the Class. Any order modifying the Plan of Allocation will be posted on the settlement website at: www.CartersSecuritiesLitigation.com.

The Net Settlement Fund will be the gross settlement of \$3.3 million reduced by fees and expenses, reduced by taxes, and increased by interest earned on the Settlement Amount. The Net Settlement Fund will be distributed among those Class Members who submit timely and valid Proofs of Claim to the Claims Administrator, which are accepted for payment by the Court ("Authorized Claimants"). No distribution of funds among such Authorized Claimants will occur until (1) the Court has approved the Settlement and a plan of allocation, (2) the time has expired for any petition for rehearing or appeal of the Court's order(s) approving the Settlement and a plan of allocation; and (3) the Court has approved the Claims Administrator's determinations of eligible claims.

Investors in two categories of Carter's securities - common stock and options on common stock - may be eligible to receive funds in the distribution. Of the gross settlement of \$3.3 million, the gross amount of \$3,267,000 (before fees, expenses, taxes, and interest) has been allocated for claims on transactions in Carter's common stock, and the gross amount of up to \$33,000 (before fees, expenses, taxes, and interest) has been allocated for claims on transactions in Carter's call and put options, reflecting estimated relative losses.

One requirement for eligibility to share in the distribution of the Net Settlement Fund is that Settlement Class Members must have purchased Carter's ("CRI") common stock, or purchased a call option on CRI common stock, or sold a put option on CRI common stock, in the "Eligibility Period" from March 16, 2005 through November 9, 2009 inclusive.

Federal securities laws allow investors to recover for losses caused by disclosures which corrected previous misleading statements or omissions, but not for losses caused by broad market conditions or by other events unrelated to a securities

fraud. Therefore, a second requirement for eligibility is that the Settlement Class Member held the CRI security at the time its price declined due to a disclosure of information which corrected an allegedly misleading statement or omission.

Lead Plaintiff and Lead Counsel have identified the following dates of such price declines: October 27, 2009; and November 10, 2009 (the “corrective disclosure dates”). In the case of CRI common stock, the Settlement Class Member must have bought the stock before one of these two corrective disclosure dates, and then held the security until at least one corrective disclosure date. If the stock was purchased and then sold before October 27, 2009; or purchased on or after October 27, 2009 and subsequently sold on or before November 9, 2009, those transactions are excluded from consideration in distribution of settlement proceeds. In the case of CRI call options, a claimant must have purchased the option before one of these two corrective disclosure dates and held it until at least one corrective disclosure date without closing out the position (either by expiration or by selling the option). In the case of CRI put options, a claimant must have sold the option before one of the two corrective disclosure dates, and not closed out the position before a corrective disclosure date (closed out either by expiration or by purchasing the option).

Federal law constrains price inflation under the 90-day-lookback provision of the Public Securities Litigation Reform Act of 1995 (“PSLRA”). In calculating Recognized Loss on the purchase of a share of CRI stock, Recognized Loss may not exceed purchase price minus the 90-day-lookback mean price of \$24.57.

After a Proof of Claim with adequate documentation is submitted to the Claims Administrator, a “Recognized Loss” will be calculated for each purchase of CRI stock or call option or sale of put option in the Eligibility Period, and for a claimant’s total overall transactions in a particular category of security in the Eligibility Period. The Recognized Loss is not intended to be an estimate of the amount which might have been recovered after trial, or an estimate of the amount to be paid an Authorized Claimant from the Net Settlement Fund. The method for calculating Recognized Loss simply provides a basis for allocating the Net Settlement Fund proportionately among Authorized Claimants.

As described in the Second Amended Complaint, the alleged “Accommodations Fraud” extended from and included the beginning of the Class Period on March 16, 2005, through November 9, 2009. Following is a brief description of the announcements on the corrective disclosure dates that allegedly revealed the truth and dissipated the alleged Accommodations Fraud, as determined by Lead Plaintiff and Lead Counsel:

1. **October 27, 2009:** before market open on October 27, 2009, CRI announced it would delay release of third-quarter earnings to complete a review of margin support given wholesale customers.
2. **November 10, 2009:** after market close on November 9, 2009, CRI announced it would restate its financials for fiscal 2004-2008 and the first two quarters of fiscal 2009.

Recognized Loss on CRI Common Stock

If a claimant had a market gain from overall transactions in CRI common stock in the Eligibility Period March 16, 2005 through November 9, 2009, the value of his/her/its claim will be zero. If a claimant suffered an overall market loss on overall transactions in CRI common stock during the Eligibility Period, and that market loss was less than the sum of his/her/its total Recognized Losses on common stock calculated as described in this Plan of Allocation, that claimant’s Recognized Losses on common stock will be limited to the amount of the actual market loss. If a share was purchased on or after March 16, 2005, and held until at least November 10, 2009 (the last corrective disclosure date), market gain or loss on that share purchase will be the difference between purchase price and the PSLRA 90-day-lookback mean price of \$24.57. If a share was purchased on or after March 16, 2005, and sold on or before November 9, 2009, market gain or loss on that share purchase will be the difference between purchase price and sale price.

Lead Plaintiff’s damages expert has calculated the price decline net of market and industry effects for each of the two corrective disclosure dates. The net price declines are used to measure alleged inflation in stock price at each purchase and sale date, as described below.

The formulas for calculating Recognized Loss for purchases, or purchases followed by sales, of CRI common stock during the Eligibility Period are:

1. For a share purchased on or after March 16, 2005, and held until at least November 10, 2009, Recognized Loss will be the lesser of: (a) the appropriate value from Table A (below) for that purchase date; or (b) purchase price minus \$24.57. If purchase price minus \$24.57 is less than zero, the Recognized Loss is zero.
2. For a share purchased on or after March 16, 2005, and sold on or before November 9, 2009, Recognized Loss will be the lesser of: (a) the appropriate value from Table A (below) for that purchase date and sale date; or (b) purchase price minus \$24.57. If purchase price minus \$24.57 is less than zero, the Recognized Loss is zero.

To match purchases and sales within the Eligibility Period, the Claims Administrator will apply a first-in, first-out (“FIFO”)

rule to holdings of CRI stock on March 15, 2005 (the day before the beginning of the Eligibility Period), and to purchases and sales of CRI stock in the Eligibility Period. For example, FIFO will match the first shares of CRI stock sold against any shares held as of March 15, 2005, and then against purchases in the Eligibility Period in chronological order, beginning with the earliest purchases in the Eligibility Period. Sales matched to CRI common stock held as of March 15, 2005, will be excluded from calculation of Recognized Loss and market gain or loss.

No Recognized Loss will be calculated for any purchase of stock to cover a short sale.

If each Authorized Claimant's Recognized Loss on CRI common stock related to the disclosure dates can be paid in full, and funds remain in that portion of the Net Settlement Fund allocated to common stock, the remaining amount in that portion of the Net Settlement Fund allocated to common stock will be proportionally redistributed among Authorized Claimants with Recognized Losses on CRI options.

TABLE A

SHARE BOUGHT	And SOLD 3/16/05 - 10/26/09	And SOLD 10/27/09 - 11/9/09	And HELD to 11/10/09 or later
3/16/2005 - 10/26/09	\$0.00	\$6.13	\$8.09
10/27/09 - 11/9/09	NA	\$0.00	\$1.96
11/10/09 or later	NA	NA	\$0.00

Recognized Loss on Purchase of CRI Call Options and Sale of CRI Put Options

A Recognized Loss on a transaction in call or put options will be calculated on an out-of-pocket basis, with the exception that options exercised or assigned during the Class Period will be treated as CRI common stock purchased on the exercise date.

Recognized Loss on Call Options Purchased: A claimant must have purchased the call option before at least one of the two corrective disclosure dates and held it at least until a corrective disclosure date without closing out the position (either by expiration of the contract or by selling the contract).

If the call option was sold on or before November 9, 2009, and was not held to expiration, the Recognized Loss will be the purchase price minus the sale price. If the call option expired on or before November 9, 2009, the Recognized Loss will be the purchase price minus the value of the call option on the date of expiration. The value of the call option on the date of expiration will be the stock price at date of expiration, minus the strike price, but not less than zero.

If the call option was held unexpired at least through November 9, 2009, the Recognized Loss will be the purchase price minus the historical closing price of the call option on November 10, 2009. Purchases and subsequent sales of the same call options will be matched using FIFO, so that sales will be matched first against call options held on March 15, 2005, and then against the same call options in chronological order of purchase during the Eligibility Period. Sales matched to call options held at the beginning of the Eligibility Period will be excluded from the calculations of Recognized Loss and market gain or loss.

Recognized Loss on Put Options Sold: A claimant must have sold the option contract before at least one of the two corrective disclosure dates and not closed out the position before a corrective disclosure date (closed out either by expiration of the contract or by buying back the contract).

If the put option was repurchased on or before November 9, 2009, the Recognized Loss will be the repurchase price minus the sale price. If the put option expired on or before November 9, 2009, and the position was not closed out prior to expiration, the Recognized Loss will be the sale price minus the value of the put option on the date of expiration. The value of the put option on the date of expiration will be the strike price minus the stock price at date of expiration, but not less than zero.

If the put option was held unexpired at least through November 9, 2009, the Recognized Loss will be the sale price minus the historical closing price of the put option on November 10, 2009. Sales and subsequent repurchases of the same put option will be matched using FIFO, so that repurchases will be matched first against the same put option sold on or before March 15, 2005 and having an open position, and then against the same put option in chronological order of sale during the Eligibility Period. Repurchases matched to put options sold before the beginning of the Eligibility Period will be excluded from the calculations of Recognized Loss and market gain or loss.

Additional Provisions Relating to Options

If a claimant had an overall market gain from overall transactions in options on CRI common stock in the Class Period March 16, 2005 through November 10, 2009, the value of his/her/its claim will be zero. If a claimant suffered an overall market loss on overall transactions in options during the Class Period, and that market loss was less than the sum of his/her/its total Recognized Losses on options calculated as described in this Plan of Allocation, that claimant's Recognized Losses on options will be limited to the amount of the actual market loss on options.

Market gain or loss on an option will be calculated on an out-of-pocket basis excluding the requirement that the option be purchased or sold before a corrective disclosure date and the position held open until at least the second corrective disclosure date.

If each Authorized Claimant's Recognized Loss on CRI options can be paid in full, and funds remain in that portion of the Net Settlement Fund allocated to options, the remaining amount in that portion of the Net Settlement Fund allocated to options will be proportionally redistributed among Authorized Claimants with Recognized Losses on CRI common stock.

Other Provisions of the Plan of Allocation

Recognized Loss is zero on purchases of any shares of CRI common stock which were not publicly registered or were restricted from trading.

Purchases and sales of CRI stock and options will be considered to have occurred on the "contract" or "trade" date, as opposed to the "settlement" or "payment" date. The amount paid or received for such securities will exclude commissions, taxes, and fees.

Recognized Loss will be calculated only on purchases of CRI stock or options. No Recognized Loss will be calculated on receipt of such securities by gift, grant, inheritance, or operation of law.

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

Each Authorized Claimant will recover his/her/its *pro rata* share of the Net Settlement Fund allocated to each category of security (*i.e.* common stock and options) based on his/her/its Recognized Loss on each category of security. To the extent there are sufficient funds in the Net Settlement Fund allocated to each security, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Loss on the respective category of security. If, however, the amount in the Net Settlement Fund for each security is not sufficient to permit payment of the total of all Recognized Losses within that category of security, then each Authorized Claimant will be paid the percentage of the Net Settlement Fund for that security that each Authorized Claimant's recognized claim bears to the total of the claims of all Authorized Claimants ("*pro rata* share") for that category of security. If the Authorized Claimant's total of *pro rata* claims for both common stock and options is less than \$10.00, it will be removed from the calculation and will not be paid given the administrative expenses of processing payments.

Distributions to Authorized Claimants will be made after all claims have been processed and after the Court has approved the Claims Administrator's determinations. After an initial distribution of the Net Settlement Fund, if Lead Counsel in consultation with the Claims Administrator determines that redistribution(s) is cost-effective, the Claims Administrator will redistribute any funds remaining in the Net Settlement Fund to Authorized Claimants who have cashed their initial distribution checks, after payment from the Net Settlement Fund of any unpaid taxes, fees, or expenses incurred in administering the fund including in making distributions. If redistribution of funds remaining in the Net Settlement Fund is determined not to be cost-effective, the balance remaining in the Net Settlement Fund will be contributed to a nonsectarian nonprofit organization(s) serving the public interest, designated by Lead Plaintiff and approved by the Court.

Each claimant is deemed to have submitted to the jurisdiction of the United States District Court for the Northern District of Georgia with respect to his/her/its Proof of Claim.

Dated: June 5, 2013

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

EXHIBIT C

In re Carter's, Inc. Securities Litigation
Claims Administrator
PO Box 5110
Portland, OR 97208-5110

Website: www.CartersSecuritiesLitigation.com
Email: info@CartersSecuritiesLitigation.com
Phone: (866) 833-7918

**NOTICE OF SUPPLEMENTAL CARTER'S SETTLEMENT
to BROKERS, BANKS AND OTHER NOMINEES
*In re Carter's, Inc. Securities Litigation, Case No. 1:08-CV-2940-AT (N.D.Ga.)***

In February of 2012, you were sent a notice regarding a partial settlement of a class action lawsuit called *In re Carter's, Inc. Securities Litigation* (the "Carter's Settlement").

The enclosed Notice is regarding the proposed settlement with the last remaining defendant PricewaterhouseCoopers LLP ("PwC" or the "Defendant") and will create a \$3.3 million settlement fund for the benefit of eligible investors who purchased the publicly traded securities of Carter's during the period from March 16, 2005 through November 10, 2009, inclusive (the "PwC Settlement"). The Carter's PwC Settlement is in addition to the previously approved \$20 million settlement with Carter's and certain related defendants.

You may be a broker, bank or other nominee that purchased or sold Carters, Inc. common stock and options on common stock, for the beneficial interest of a person or entity other than yourself.

If you previously provided a list of names and addresses of beneficial owners of Carter's common stock and options to the Claims Administrator for the Carter's Settlement, then you do NOT need to re-submit those names and addresses. The Claims Administrator already has this information on file and will notify the potential class members of the proposed supplemental settlement.

If you have NOT already provided a list of names and addresses of beneficial owners of Carter's common stock and options in connection with the Carter's Settlement, or if you have additional names and addresses not previously provided then you may either:

- (a) Provide the Claims Administrator with a list of the names and last known addresses of beneficial owners of Carter's common stock and options; or
- (b) Forward copies of the attached Notice and Proof of Claim to beneficial owners of Carter's common stock and options.

For Questions Please Call: (866) 833-7918

If you are providing a list of names and addresses to the Claims Administrator:

- (a) Compile a list of names and addresses of beneficial owners of Carter's common stock and options. It is not necessary to remove duplicate names.
- (b) Prepare the list in Microsoft Excel format following the "Electronic Name and Address File Layout" below. A preformatted spreadsheet can also be found on the "Nominees" page on the Settlement website: www.CartersSecuritiesLitigation.com.
- (c) Burn the Microsoft Excel file(s) to a CD or DVD.
- (d) Mail the CD or DVD to the Claims Administrator at:

In re Carter's, Inc. Securities Litigation
 Claims Administrator
 PO Box 5110
 Portland, OR 97208-5110

If you are not providing a list of names and addresses to the Claims Administrator:

If you elect to mail the Notice and Proof of Claim to beneficial owners yourself, additional copies of the Notice and Proof of Claim may be requested via email to info@CartersSecuritiesLitigation.com.

Expense Reimbursement

Reasonable expenses are eligible for reimbursement (including postage and costs to compile names and addresses), provided an invoice is timely submitted to the Claims Administrator.

Electronic Name and Address File Layout

Column	Description	Length	Notes
A	Account #	15	Unique identifier for each record.
B	Beneficial owner's first name	25	
C	Beneficial owner's middle name	15	
D	Beneficial owner's last name	30	
E	Joint beneficial owner's first name	25	
F	Joint beneficial owner's middle name	15	
G	Joint beneficial owner's last name	30	
H	Business or record owner's name	60	
I	Representative or contact name	45	
J	Address 1	35	
K	Address 2	25	
L	City	25	
M	U.S. state or Canadian province	2	U.S. and Canada addresses only.
N	Zip code	10	
O	Country (other than U.S.)	15	

If you have any questions, you may contact the Claims Administrator at 866-833-7918, or by email: info@CartersSecuritiesLitigation.com. Thank you for your cooperation.

Please note: If you are unsure if you submitted shareholder data previously, please contact the Claims Administrator before submitting any additional files so that we may confirm against our records.

¹For countries other than the U.S. and Canada, place any territorial subdivision in "Address 2" field.

For Questions Please Call: (866) 833-7918

In re Carter's, Inc. Securities Litigation
 Claims Administrator
 PO Box 5110
 Portland, OR 97208-5110

IMPORTANT INFORMATION & KEY DATES	
TOLL FREE NUMBER:	866-833-7918
WEBSITE:	www.CartersSecuritiesLitigation.com
EMAIL:	info@CartersSecuritiesLitigation.com
OBJECTION/EXCLUSION DEADLINE:	September 17, 2013
SETTLEMENT FAIRNESS HEARING:	October 8, 2013
DEADLINE TO SUBMIT CLAIM FORMS:	October 3, 2013

PROOF OF CLAIM AND RELEASE

Settlement with PricewaterhouseCoopers LLP

THIS PROOF OF CLAIM IS ONLY TO BE USED BY CLAIMANTS WHO DID NOT SUBMIT A CLAIM BY MAY 21, 2013 IN CONNECTION WITH THE PRIOR CARTER'S SETTLEMENT. IF YOU DID SUBMIT A CARTER'S CLAIM, YOU DO NOT NEED TO DO SO AGAIN.

If you **did not** submit a claim in connection with the prior Carter's Settlement by May 21, 2013, you must complete and, on page 7 below, sign this Proof of Claim and Release form ("Proof of Claim") in order to recover from the Net Settlement Fund created in connection with the settlement with the last remaining defendant in the Consolidated Action, PricewaterhouseCoopers LLP (the "PwC Settlement"). 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 Net Settlement Fund in the PwC Settlement. Submission of this Proof of Claim, however, does not assure that you will share in the Net Settlement Fund.

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

In re Carter's, Inc. Securities Litigation
 Claims Administrator
 PO Box 5110
 Portland, OR 97208-5110

If you are NOT a Member of the Settlement Class (as defined in the Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP and Motion for Attorneys' Fees and Expenses (the "Notice")) DO NOT submit a Proof of Claim. If you did not submit a claim in connection with the Carter's Settlement and you wish to do so, please contact the Claims Administrator or check the website to obtain a copy of the claim form.

If you are a Member of the Settlement 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 that accompanies this Proof of Claim.

Call Option: A contract that gives the purchaser the right to purchase the underlying common stock at a specified price up to a specified date from the writer of the option contract.

Put Option: A contract that gives the purchaser the right to sell the underlying common stock at a specified price up to a specified date to the writer of the option contract.

IDENTIFICATION OF CLAIMANT

If you purchased or otherwise acquired (including by exchange, conversion or otherwise) the publicly traded securities (*i.e.*, common stock and options) of Carter's, Inc. during the period from March 16, 2005 through November 9, 2009, inclusive (the "Eligibility Period") and held the securities in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased or otherwise acquired Carter's common stock or options during the Eligibility 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 Carter's securities that form the basis of this claim, as well as the purchaser of record if different. **THIS CLAIM MUST BE SUBMITTED BY THE ACTUAL BENEFICIAL PURCHASER(S) OR AUTHORIZED OR LEGAL REPRESENTATIVE(S) OF SUCH PURCHASER(S) OF THE CARTER'S SECURITIES 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 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: (866) 833-7918; www.CartersSecuritiesLitigation.com; or info@CartersSecuritiesLitigation.com.

IDENTIFICATION OF TRANSACTION(S)

Use Parts II and III of this form to supply all required details of your transaction(s) in Carter's common stock and options. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same format. 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 Carter's common stock and options as of the beginning of trading on March 16, 2005; (ii) **all** of your purchases, other acquisitions and sales of Carter's common stock and options which took place at any time beginning March 16, 2005 through, and including, November 9, 2009; and (iii) proof of your holdings of Carter's common stock and options as of the opening of trading on November 10, 2009, 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 periods 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 Carter's securities should be attached to your claim. **DO NOT SEND ORIGINALS.** 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: (866) 833-7918; www.CartersSecuritiesLitigation.com; or info@CartersSecuritiesLitigation.com. Although the Claims Administrator does not have information about your transactions in Carter's securities, someone will be able to help you with the process of locating your information.

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA

In re Carter's, Inc. Securities Litigation
No. 1:08-CV-2940-AT
PROOF OF CLAIM

Must be Postmarked No Later Than:
October 3, 2013

Did you submit a claim form in connection with the prior Carter's Settlement?

Yes No

PART II: SCHEDULE OF TRANSACTIONS IN CARTER'S STOCK

A. Number of shares of Carter's common stock held at the beginning of trading on March 16, 2005:

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B. Purchases or other acquisitions, including by way of exchange, conversion or otherwise (from March 16, 2005 to November 9, 2009, inclusive) of Carter's common stock:

Trade Date (MM/DD/YY)	Number of Shares Purchased or Acquired	Total Purchase Price*	Transaction Type †	Price Per Share

* Excluding taxes, fees, and commissions.

† P = Purchase, R = Receipt, SP = Stock Split (Please note, there was a stock split on June 7, 2006)

C. Sales (from March 16, 2005 to November 9, 2009, inclusive) of Carter's common stock:

Trade Date (MM/DD/YY)	Number of Shares Sold	Total Sale Price*	Transaction Type †	Price Per Share

* Excluding taxes, fees, and commissions.

† S=Sale, D=Delivery

D. Number of shares of Carter's common stock held at beginning of trading on November 10, 2009:

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E. Check here if any of your purchases were used to cover a short position ("Short Sale")

PART III: SCHEDULE OF TRANSACTIONS IN CARTER'S CALL OPTIONS

A. At the beginning of trading on March 16, 2005, the following call options on Carter's common stock were owned:

Date of Purchase MMDDYY	Number of Contracts	Expiration MM YY	Strike Price	Purchase Price Per Contract	Amount Paid*	Exercised "E" or Expired "X" (blank if neither)	Exercised Date MMDDYY

B. Purchases, including by way of exchange, conversion or otherwise (between March 16, 2005 and November 9, 2009, inclusive) of call options on Carter's common stock:

Date of Purchase MMDDYY	Number of Contracts	Expiration MM YY	Strike Price	Purchase Price Per Contract	Amount Paid*	Exercised "E" or Expired "X" (blank if neither)	Exercised Date MMDDYY

(Please note, there was a stock split on June 7, 2006. If you received shares in this split, you should indicate those shares above.)

C. Sales of call options on Carter's common stock in which call options were purchased on or before November 9, 2009 (include all such sales no matter when they occurred):

Date of Purchase MMDDYY	Number of Contracts	Expiration MM YY	Strike Price	Sale Price Per Contract	Amount Received*

* Excluding taxes, fees, and commissions.

D. At the beginning of trading on November 10, 2009, the following call options on Carter's common stock were owned:

Number of Contracts	Expiration MM YY	Strike Price	Sale Price Per Contract	Assigned "A" or Expired "X" (blank if neither)	Assign Date MMDDYY

PART IV: SCHEDULE OF TRANSACTIONS IN CARTER'S PUT OPTIONS

A. At the beginning of trading on March 16, 2005 the following put options written on Carter's common stock were open:

Number of Contracts	Expiration MM YY	Strike Price	Sale Price Per Contract	Amount Received*	Assigned "A" or Expired "X" (blank if neither)	Assign Date MMDDYY
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

B. Written (sold) put options on Carter's common stock (between March 16, 2005 and November 9, 2009, inclusive) as follows:

Date of Writing (Sale) MMDDYY	Number of Contracts	Expiration of Options MM YY	Strike Price	Sale Price Per Contract	Amount* Received	Assigned "A" or Expired "X" (blank if neither)	Assign Date MMDDYY
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

C. Purchases of put options on Carter's common stock that were written (sold) on or before November 9, 2009, (include all purchases no matter when they occurred):

Date of Purchase MMDDYY	Number of Contracts	Expiration MM YY	Strike Price of Options	Price Paid Per Contract	Aggregate Cost*
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

D. At the beginning of trading on November 10, 2009, the following put options on Carter's common stock were owned:

Date of Purchase MMDDYY	Number of Contracts	Expiration MM YY	Strike Price of Options	Purchase Price Per Contract	Amount Paid*	Exercised "E" or Expired "X" (blank if neither)	Exercise Date MMDDYY
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

*Excluding taxes, fees, and commissions.

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOU ARE NOT FINISHED YET. YOU MUST READ THE RELEASE AND SIGN ON PAGE 7. FAILURE TO SIGN THE RELEASE MAY RESULT IN A DELAY IN PROCESSING OR THE REJECTION OF YOUR CLAIM.

PART V: SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim under the terms of the Stipulation and Agreement of Settlement with PricewaterhouseCoopers LLP (“Stipulation”) described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Northern District of Georgia with respect to my (our) claim as a Settlement 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 as to PricewaterhouseCoopers LLP 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 Carter’s securities during the relevant period and know of no other Person having done so on my (our) behalf.

PART VI: 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 Carter’s common stock and options that occurred during the relevant time periods and the number of shares of Carter’s common stock and options 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 Settlement Class as defined herein and in the Notice.
6. The number(s) shown on this form is (are) the correct SSN/TIN; and
7. I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(C) of the Internal Revenue Code because: (a) I am (we are) exempt from backup withholding; or (b) I (we) have not been notified by the Internal Revenue Service that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the Internal Revenue Service has notified me (us) that I am (we are) no longer subject to backup withholding.

(NOTE: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, you must cross out Item 7 above.)

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 - -
 MM DD YY

Print Name

Signature of Joint Owner

Date - -
 MM DD YY

Print Name

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

Reminder Checklist:

1. Please sign the above release and certification.
2. Remember to attach only copies of supporting documentation.
3. Do not send original stock certificates or documentation. These items cannot be returned to you by the Claims Administrator.
4. Keep a copy of the completed Proof of Claim and documentation for your records.
5. The Claims Administrator will acknowledge receipt of your Claim Form by mail, within 60 days. Your claim is not deemed filed until you receive an acknowledgement postcard. If you do not receive an acknowledgement postcard within 60 days, please call the Claims Administrator.
6. If you move, please send the Claims Administrator your new address.
7. If you have any questions or concerns regarding your Proof of Claim, please contact the Claims Administrator at the address on page 1 above or at 866-833-7918, or visit www.CartersSecuritiesLitigation.com.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

In re CARTER'S, INC. SECURITIES LITIGATION

Civil Action No. 1:08-CV-2940-AT

**NOTICE OF PENDENCY OF CLASS ACTION AND
PROPOSED SETTLEMENT WITH PRICEWATERHOUSECOOPERS LLP
AND MOTION FOR ATTORNEYS' FEES AND EXPENSES**

If you purchased the publicly traded securities of Carter's, Inc ("Carter's") during the period from March 16, 2005 through November 10, 2009, inclusive (the "Class Period"), and were allegedly damaged thereby, you may be entitled to a payment from this class action settlement.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

- If approved by the Court, the proposed settlement with defendant PricewaterhouseCoopers LLP ("PwC" or the "Defendant") will provide a \$3.3 million settlement fund for the benefit of eligible investors (the "Settlement") who purchased the publicly traded securities of Carter's during the Class Period, and were allegedly damaged thereby (the "Settlement Class").¹
- The Settlement resolves all remaining claims in a class action lawsuit concerning an alleged scheme to mislead investors regarding the financial condition and practices of Carter's during the Class Period; avoids the costs and risks of continuing the litigation; pays money to investors like you; and releases PwC from potential liability.
- The Settlement is in addition to a previously approved \$20 million settlement with Carter's and certain related defendants (the "Carter's Settlement").
- Your legal rights are affected whether you act or do not act. Read this Notice carefully.
- The Court will review the Settlement at the Settlement Hearing to be held on October 8, 2013.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

SUBMIT A CLAIM FORM BY OCTOBER 3, 2013	If you did <i>not</i> previously submit a claim in connection with the Carter's Settlement, you must do so now in order to be eligible to recover from the proposed Settlement with PwC. If you <i>did</i> previously submit a claim, you do not need to do so again, <i>see</i> question 10.
EXCLUDE YOURSELF BY SEPTEMBER 17, 2013	Get no payment. This is the <i>only</i> option that allows you to ever bring or be part of any <i>other</i> lawsuit about the Released Claims against the Defendant and the other Released Defendant Parties. This is the <i>only</i> option that removes you from the Settlement Class, if you are a Settlement Class Member.
OBJECT BY SEPTEMBER 17, 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 Settlement Class.
GO TO A HEARING ON OCTOBER 8, 2013	Ask to speak in Court about the Settlement at the Settlement Hearing.
DO NOTHING	Get no payment, if you did not submit a claim in the Carter's Settlement. Give up rights.

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement and whether to finally certify this as a class action. Payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

¹ All capitalized terms not otherwise defined in this Notice shall have the meaning provided in the Stipulation and Agreement of Settlement with PricewaterhouseCoopers LLP, dated as of April 24, 2013 (the "Stipulation").

SUMMARY OF THIS NOTICE

(a) Statement of Plaintiffs' Recovery

Pursuant to this proposed Settlement with PwC, a Settlement Fund consisting of \$3.3 million in cash, plus any accrued interest, has been established. Based on Lead Plaintiff's estimate of the number of shares of common stock entitled to participate in the Settlement, and assuming that all such shares entitled to participate do so, Lead Plaintiff estimates that the average recovery per allegedly damaged share of Carter's common stock would be approximately \$0.13 per share, before deduction of Court-approved expenses, such as attorneys' fees and expenses². A Settlement Class Member's actual recovery will be a portion of the Net Settlement Fund determined by comparing his or her Recognized Claim to the total Recognized Claims of all Settlement Class Members who submit acceptable Proofs of Claim. An individual Settlement Class Member's actual recovery will depend on, for example: (1) the total number of claims submitted; (2) when the Settlement Class Member purchased Carter's securities during the Class Period; (3) the purchase price paid; (4) the type of security purchased; and (5) whether those Carter's securities were held at the end of the Class Period or sold during the Class Period (and, if sold, when they were sold and the amount received). See the Plan of Allocation beginning on page 9 for more information on your Recognized Claim.

(b) Statement of Potential Outcome if the Action Continued to Be Litigated

The Settling Parties disagree about whether PwC is liable for the claims asserted against it and whether it caused any damages. The issues on which the Settling Parties disagree include, but are not limited to: (1) whether PwC made any material misstatements or omissions; (2) whether PwC acted with the required state of mind; (3) the amount by which Carter's securities were allegedly artificially inflated (if at all) during the Class Period; (4) the extent to which the various matters that Lead Plaintiff alleged were false and misleading influenced (if at all) the trading price of Carter's securities at various times during the Class Period; (5) whether any purchasers of Carter's securities have suffered damages as a result of the alleged misstatements and omissions in Carter's public statements; (6) the extent of such damages, assuming they exist; (7) the appropriate economic model for measuring damages; and (8) the extent to which external factors, such as general market and industry conditions, influenced the trading price of Carter's securities at various times during the Class Period.

PwC denies that it did anything wrong, denies any liability to Lead Plaintiff, and denies that Lead Plaintiff and the Settlement Class have suffered any losses attributable to PwC's actions. While Lead Plaintiff believes that it has meritorious claims, it recognizes that there are significant obstacles in the way to recovery.

(c) Statement of Attorneys' Fees and Expenses Sought

Lead Counsel intends to make a motion asking the Court to award it attorneys' fees of no more than 30% of the Settlement Fund, and reimbursement of litigation expenses incurred in prosecuting this action in an amount not to exceed \$200,000, plus any interest on such amounts at the same rate and for the same periods as earned by the Settlement Fund ("Fee and Expense Application"). If the Court approves the Fee and Expense Application, the average cost of attorneys' fees and litigation expenses will be less than \$0.05 per share of common stock. The average cost per share will vary depending on the number of acceptable claims submitted. Lead Counsel has expended considerable time and effort in litigating the claims against PwC without receiving any payment, and has advanced the expenses of the litigation, such as the cost of experts, in the expectation that if it were successful in obtaining a recovery for the Settlement Class it would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovered as attorneys' fees.

(d) Further Information

Further information regarding this action and this Notice may be obtained by contacting the Claims Administrator: PO Box 5110, Portland OR 97208-5110, (866) 833-7918, www.CartersSecuritiesLitigation.com or Lead Counsel: Labaton Sucharow LLP, (888) 219-6877, www.labaton.com, settlementquestions@labaton.com.

Do Not Call The Court With Questions About The Settlement.

(e) Reasons for the Settlement

For Lead Plaintiff, the principal reason for the Settlement is the immediate benefit to the Settlement Class. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

For PwC, who denies all allegations of wrongdoing or liability whatsoever, the principal reason for the Settlement is to eliminate the expense, risks, and uncertain outcome of the litigation.

[END OF COVER PAGE]

² An allegedly damaged share might have been traded more than once during the Class Period, and the indicated average recovery would be the estimated average for each purchase of a share which allegedly incurred damages. Of the gross settlement amount, up to \$33,000 (before fees, expenses, taxes, and interest) will be allocated for claims on transactions in Carter's call and put options, reflecting estimated relative losses.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased the publicly traded securities of Carter's during the period from March 16, 2005 through November 10, 2009, inclusive.

The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about a proposed settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. The Court will review the Settlement at a Settlement Hearing on October 8, 2013. If the Court approves the Settlement, and after objections and appeals are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, Settlement Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Northern District of Georgia. This case results from the consolidation of two separately-filed actions, the first of which was filed by Plymouth County Retirement System and is referred to as the Plymouth Action and the second of which was filed by Scott Mylroie and is referred to as the Mylroie Action. The Consolidated Action is known as *In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT and is assigned to United States District Judge Amy Totenberg. The people who sued are called plaintiffs, and the companies and the persons they sued are called defendants.

The Lead Plaintiff in the Consolidated Action, representing the Settlement Class, is Plymouth County Retirement System.

The remaining Defendant in the Consolidated Action is PwC.

2. What is this lawsuit about?

The main complaint in the Consolidated Action is the Second Amended and Consolidated Class Action Complaint for Violations of Federal Securities Laws (the "Second Amended Complaint"). Following the Carter's Settlement, the only remaining defendant in this class action lawsuit is PwC. The Second Amended Complaint generally alleges, among other things, that PwC violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making alleged misstatements and omissions during the Class Period in its audit opinions on Carter's publicly-filed consolidated year-end financial statements. The alleged misstatements concern the timing of when Carter's recognized accommodations made to certain customers, which PwC allegedly failed to detect during its audits of Carter's consolidated year-end financial statements. The Second Amended Complaint alleges that PwC issued false and misleading unqualified audit opinions in connection with its audits of Carter's consolidated year-end financial statements during the Class Period, which were purportedly conducted in accordance with U.S. Generally Accepted Auditing Standards ("GAAS"). The Second Amended Complaint further alleges that Lead Plaintiff and other Settlement Class Members purchased Carter's publicly traded securities during the Class Period at artificially inflated prices and were damaged thereby.

The Consolidated Action seeks money damages against PwC for violations of the federal securities laws. PwC denies all allegations of misconduct contained in the Second Amended Complaint, and denies 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 PwC with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that PwC has asserted.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case Lead Plaintiff Plymouth County Retirement System), sue on behalf of people who have similar claims. They are known as class members. Here, the Court certified this as a class action for purposes of the Settlement only. Bringing a case as a class action allows adjudication of many similar claims of persons and entities that might be economically too small to bring individual actions. One court resolves the issues for all class members, except for those who exclude themselves from the class. The Court will decide whether to finally certify this as a class action at the Settlement Hearing.

4. Why is there a settlement?

The Court did not finally decide in favor of Lead Plaintiff or PwC. Instead, both sides, with the assistance of former United States District Judge Layn R. Phillips acting as a mediator, agreed to a settlement. That way, they avoid the risks and costs of a trial and the people affected will get compensation immediately, rather than after the time it would take to have a trial and exhaust all appeals. Lead Plaintiff and Lead Counsel think the Settlement is in the best interest of all Settlement Class Members.

WHO IS IN THE SETTLEMENT

To see if you are eligible to get money from this Settlement, you first have to decide if you are a Settlement Class Member.

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

The Court directed, for the purpose of the proposed Settlement, that everyone who fits this description is a Settlement Class Member, unless they are an excluded person or they take steps to exclude themselves (*see* question 13 below): *all Persons who purchased the publicly traded securities of Carter's during the period from March 16, 2005 through November 10, 2009, inclusive and were allegedly damaged thereby.*

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

Excluded from the Settlement Class are: the current or former defendants in the Consolidated Action; the officers and directors of Carter's; the partners and principals of PwC; the members of the immediate families of the former individual defendants in the Consolidated Action; the legal representatives, heirs, successors or assigns of any excluded Person; and any entity in which any current or former defendant has or had a controlling interest. Also excluded from the Settlement Class will be any Person who timely and validly seeks exclusion from the Settlement Class in accordance with the requirements explained below.

If one of your mutual funds purchased or owned shares of Carter's securities during the Class Period, that alone does not make you a Settlement Class Member. You are only eligible to be a Settlement Class Member if you directly purchased or otherwise acquired Carter's securities during the Class Period. Check your investment records or contact your broker to see if you purchased or otherwise acquired Carter's securities during the Class Period.

If you sold Carter's securities during the Class Period, your sale alone does not make you a Settlement Class Member. You are eligible to be a Settlement Class Member only if you **purchased or otherwise acquired** your securities during the Class Period.

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. You can call (866) 833-7918 or visit www.CartersSecuritiesLitigation.com for more information. Or you can fill out and return the Proof of Claim and Release form ("Proof of Claim") described on page 5, in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS—WHAT YOU GET

8. What does the Settlement provide?

In exchange for the Settlement and the release of the Released Claims (defined below) against the Released Defendant Parties (defined below), PwC has agreed to create a \$3.3 million fund to be divided, after deduction of Court-awarded attorneys' fees and expenses, settlement administration costs, and any applicable taxes, among all Settlement Class Members who submit valid and timely claims. This will be in addition to any distribution from the Carter's Settlement.

9. How much will my payment be?

Your share of the fund will depend on several things, including: (1) the total amount of Recognized Claims sent in by other Settlement Class Members; (2) how many Carter's securities you bought; (3) how much you paid for them; (4) when you bought them; and (5) whether or when you sold them (and, if so, for how much you sold them).

Your Recognized Claim will be calculated according to the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for your entire Recognized Claim, given the number of potential Settlement Class Members. After all Settlement Class Members have submitted claims, the payment you get will be a portion of the Net Settlement Fund based on your Recognized Claim divided by the total of everyone's Recognized Claims, in each category of security. See the Plan of Allocation beginning on page 9 for more information on your Recognized Claim.

HOW YOU GET A PAYMENT

10. How can I get a payment?

To be eligible for a payment from the Settlement, you must **EITHER**:

(1) have submitted a claim in connection with the prior Carter's Settlement by May 21, 2013; OR

(2) if you **did not** submit a claim in connection with the Carter's Settlement by May 21, 2013, you must timely submit a validly completed Proof of Claim with supporting documents (DO NOT SEND ORIGINALS of your supporting documents) in this Settlement.

DO NOT SUBMIT A CLAIM FORM IF YOU ALREADY SUBMITTED A TIMELY ONE IN CONNECTION WITH THE CARTER'S SETTLEMENT.

If you submitted a claim in the Carter's Settlement by May 21, 2013, that claim and the transactional information you already provided will be used to determine your eligibility for a payment from this Settlement. You are not being mailed a Proof of Claim with this Notice. If you previously received a letter from the Claims Administrator about your Carter's Settlement claim being incomplete, you must contact the Claims Administrator to rectify your claim in the Carter's Settlement. You can check the status of your claim in the Carter's Settlement or the transactions you previously submitted by logging into the website: www.CartersSecuritiesLitigation.com. Information about how to login is being mailed with this Notice. If you do not have access to the website, you can call the Claims Administrator at (866) 833-7918.

If the Claims Administrator **did not** receive a claim from you in connection with the Carter's Settlement or you submitted a claim **after** May 21, 2013, a Proof of Claim is being mailed to you with this Notice. You may also get a Proof of Claim on the Internet at the websites for the Claims Administrator: www.CartersSecuritiesLitigation.com, or Class 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 October 3, 2013. The Claims Administrator needs all of the information requested in the Proof of Claim in order to determine what you may be entitled to.

11. When would I get my payment?

The Court will hold a Settlement Hearing on **October 8, 2013**, to decide whether to approve the Settlement. Even if the Court approves the Settlement, there may still be appeals, which can take time to resolve, perhaps more than a year. It also takes time for all claims to be processed. All Proofs of Claim need to be submitted by **October 3, 2013**.

Once all the claims are processed and calculated, Lead Counsel, without further notice to the Settlement Class, will apply to the Court for an order distributing the Net Settlement Fund to the members of the Settlement Class. Lead Counsel will also ask the Court to approve payment of the Claims Administrator's outstanding fees and expenses incurred in connection with giving notice and administering the Settlement. Please be patient.

12. What am I giving up to get a payment and by staying in the Settlement Class?

Unless you exclude yourself, you will stay in the Settlement Class, which means that upon the "Effective Date" you will release all "Released Claims" (as defined below) against the "Released Defendant Parties" (as defined below).

"Released Claims" means any and all claims, rights, causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, including both known and Unknown Claims (as defined below), whether arising under federal, state, common or administrative law, or any other law, that Lead Plaintiff or any other Class Member: (i) have asserted in the Plymouth Action, Mylroie Action, or Consolidated Action; or (ii) could have asserted in any forum, that arise out, are based upon, or relate in any way, directly or indirectly, to the allegations, transactions, facts, events, occurrences, acts, disclosures, statements, representations or omissions or failures to act involved, set forth, or referred to in the complaints filed in the Plymouth Action, Mylroie

Action, or Consolidated Action, and that relate in any way, directly or indirectly, to the purchase or acquisition during the Class Period of Carter's publicly traded securities. Released Claims do not include: (i) claims to enforce the Settlement; (ii) claims in the shareholder derivative lawsuit entitled *Alvarado v. Bloom*, No. 2010 cv 186118 (Superior Court of Fulton County, Georgia); and (iii) any governmental or regulatory agency's claims in any criminal or civil action against any of the Released Defendant Parties.

"Unknown Claims" means any and all Released Claims, which the Plaintiffs or any other Settlement 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 Defendant's Claims that PwC does not know exist in its favor at the time of the release of the Released Plaintiff Parties, which if known by it might have affected its decisions with respect to the Settlement. With respect to any and all Released Claims and Released Defendant's Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Plaintiffs and PwC, shall expressly, and each other Settlement Class Member 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.

Plaintiffs, the other Settlement Class Members or PwC 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 Defendant's Claims, but Plaintiffs and PwC shall expressly, fully, finally and forever settle and release, and each other Settlement Class Member 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 Defendant's Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and PwC acknowledge, and other Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendant's Claims was separately bargained for and was a key element of the Settlement.

"Released Defendant Parties" means PwC; each of its current or former partners, principals, employees, agents, attorneys, personal or legal representatives, insurers, consultants, experts, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, general or limited partners or partnerships, limited liability companies, trustees, estates, administrators, related or affiliated entities; and any entity in which PwC has a controlling interest.

The "Effective Date" will occur when an Order by the Court approving the Settlement becomes final and is not subject to appeal as set out more fully in the Stipulation on file with the Court.

If you remain a member of the Settlement Class, all of the Court's orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue PwC and the other Released Defendant Parties, on your own, about the Released Claims, then you must take steps to get out. This is called excluding yourself from—sometimes referred to as "opting out" of—the Settlement Class. PwC may withdraw from and terminate the Settlement if putative Settlement Class Members who purchased in excess of a certain amount of Carter's securities during the Class Period exclude themselves from the Settlement Class.

13. How do I get out of the proposed Settlement?

To exclude yourself from the Settlement Class, you must send a signed letter by mail stating that you "request exclusion from the PwC Settlement Class in *In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT (N.D.Ga.)."

Your letter must state the date(s), price(s), and number(s) of shares of all your purchases, acquisitions, and sales of Carter's securities during the Class Period. In addition, be sure to include your name, address, telephone number and your signature. You must mail your exclusion request **postmarked no later than September 17, 2013**, to:

In re Carter's, Inc. Securities Litigation - EXCLUSIONS
Claims Administrator
PO Box 5110
Portland OR 97208-5110

You cannot exclude yourself by telephone or by email. Your exclusion request must comply with these requirements in order to be valid. If you write to request to be excluded, you will not get any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) PwC and the other Released Defendant Parties in the future.

The time to seek exclusion from the Carter's Settlement has passed. A request for exclusion from the proposed Settlement will not exclude you from the Carter's Settlement.

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

No. Unless you exclude yourself, you give up any rights to sue PwC and the other Released Defendant Parties for any and all Released Claims. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from *this* Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is **September 17, 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 PwC and the other Released Defendant Parties.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court appointed the law firm of Labaton Sucharow LLP to represent all Settlement 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, which 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 its services in pursuing the claims against PwC on behalf of the Settlement Class, nor has it been reimbursed for its litigation expenses. At the Settlement Hearing, or at such other time as the Court may order, Lead Counsel will ask the Court to award it, from the Settlement Fund, attorneys' fees of no more than 30% of the Settlement Fund, plus any interest on such amount at the same rate and for the same periods as earned by the Settlement Fund, and to reimburse its litigation expenses (such as the cost of experts) that have been incurred in pursuing the Consolidated Action. The request for reimbursement of expenses will not exceed \$200,000, plus interest on the expenses at the same rate as may be earned by the Settlement Fund.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

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

If you are a Settlement Class Member you can object to the Settlement or any of its terms, the certification of the class, the proposed Plan of Allocation and/or the application by Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any part or all of the Settlement terms or arrangements. The Court will consider your views if you file a proper objection within the deadline and according to the following procedures.

To object, you must send a signed letter stating that you object to the proposed settlement with PwC in "*In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT (N.D.Ga.)." Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s) and number(s) of shares of all purchases, acquisitions and sales of Carter's securities you made during the Class Period, and state the reasons why you object to the Settlement. Your objection must be filed with the Court and postmarked or delivered to all the following on or before **September 17, 2013**:

COURT:
Clerk of the Court
United States District Court
for the Northern District of Georgia
Richard B. Russell Federal Building
and United States Courthouse
75 Spring Street, SW
Atlanta, GA 30303-3309

LEAD COUNSEL:
Jonathan Gardner, Esq.
Labaton Sucharow LLP
140 Broadway
New York, NY 10005

PwC'S COUNSEL:
Elizabeth V. Tanis, Esq.
Juanita P. Kuhner, Esq.
King & Spalding LLP
1180 Peachtree St., N.E.
Atlanta, GA 30309

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

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

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend, and you may ask to speak, but you do not have to do so.

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

The Court will hold a Settlement Hearing at **11:00 a.m. on October 8, 2013**, at the United States District Court for the Northern District of Georgia in the Richard B. Russell Federal Building and United States Courthouse, 75 Spring Street, SW, Atlanta, GA 30303-3309.

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 Net Settlement Fund and the application of Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions set out in question 18 above. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the Settlement Hearing, but decisions regarding the conduct of the Settlement Hearing will be made by the Court. See question 22 for more information about speaking at the Settlement Hearing. After the Settlement Hearing, the Court will decide whether to approve the Settlement, and, if the Settlement is approved, how much attorneys' fees and expenses should be awarded to Lead Counsel. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent. 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 Settlement Hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval. If you submit an objection, you do not have to come to Court to talk about it. As long as you filed and sent your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

22. May I speak at the Settlement Hearing?

If you object to the Settlement, 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) a statement stating that it is your "Notice of Intention to Appear in *In re Carter's, Inc. Securities Litigation*, No. 1:08-CV-2940-AT (N.D.Ga.)." Persons who intend to object to the Settlement, the Plan of Allocation, and/or Lead Counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Hearing must also include in their written objections the identity of any witness they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the Settlement Hearing if you excluded yourself from the Settlement Class or if you have not provided written notice of your intention to speak at the Settlement Hearing in accordance with the procedures described in questions 18 and 20.

IF YOU DO NOTHING**23. What happens if I do nothing at all?**

If you do nothing, and you did not submit a claim in connection with the prior Carter's Settlement by May 21, 2013, you will get no money from this Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against PwC and the other Released Defendant Parties about the Released Claims in this case, ever again. To share in the Net Settlement Fund you must submit a Proof of Claim (*see* question 10) or have submitted one previously in connection with the Carter's Settlement. To start, continue or be a part of any other lawsuit against PwC and the other Released Defendant Parties about the Released Claims in this case you must exclude yourself from this Settlement Class (*see* question 13).

GETTING MORE INFORMATION**24. Are there more details about the proposed settlement?**

This Notice summarizes the proposed Settlement. More details are in the Stipulation, dated April 24, 2013. You may review the Stipulation filed with the Court or documents filed during the case during business hours at the Office of the Clerk of the United States District Court for the Northern District of Georgia, Richard B. Russell Federal Building and United States Courthouse, 75 Spring Street, SW, Atlanta, GA 30303-3309.

You also can call the Claims Administrator toll free at (866) 833-7918; write to *In re Carter's, Inc. Securities Litigation, Claims Administrator, PO Box 5110, Portland OR 97208-5110*; or visit the websites of the Claims Administrator or Lead Counsel at www.CartersSecuritiesLitigation.com and www.labaton.com, where you can find answers to common questions about the Settlement, download copies of the Stipulation or Proof of Claim, and locate other information to help you determine whether you are a Settlement Class Member and whether you are eligible for a payment.

Please Do Not Call The Court With Questions About The Settlement.

**PLAN OF ALLOCATION OF NET SETTLEMENT FUND
AMONG SETTLEMENT CLASS MEMBERS****25. How will my claim be calculated?**

The purpose of the Plan of Allocation is to distribute settlement proceeds equitably to those Class Members who qualify for distributions from the Net Settlement Fund. The Court may approve the Plan of Allocation, or modify it without additional notice to the Class. Any order modifying the Plan of Allocation will be posted on the settlement website at: www.CartersSecuritiesLitigation.com.

The Net Settlement Fund will be the gross settlement of \$3.3 million reduced by fees and expenses, reduced by taxes, and increased by interest earned on the Settlement Amount. The Net Settlement Fund will be distributed among those Class Members who submit timely and valid Proofs of Claim to the Claims Administrator, which are accepted for payment by the Court ("Authorized Claimants"). No distribution of funds among such Authorized Claimants will occur until (1) the Court has approved the Settlement and a plan of allocation, (2) the time has expired for any petition for rehearing or appeal of the Court's order(s) approving the Settlement and a plan of allocation; and (3) the Court has approved the Claims Administrator's determinations of eligible claims.

Investors in two categories of Carter's securities - common stock and options on common stock - may be eligible to receive funds in the distribution. Of the gross settlement of \$3.3 million, the gross amount of \$3,267,000 (before fees, expenses, taxes, and interest) has been allocated for claims on transactions in Carter's common stock, and the gross amount of up to \$33,000 (before fees, expenses, taxes, and interest) has been allocated for claims on transactions in Carter's call and put options, reflecting estimated relative losses.

One requirement for eligibility to share in the distribution of the Net Settlement Fund is that Settlement Class Members must have purchased Carter's ("CRI") common stock, or purchased a call option on CRI common stock, or sold a put option on CRI common stock, in the "Eligibility Period" from March 16, 2005 through November 9, 2009 inclusive.

Federal securities laws allow investors to recover for losses caused by disclosures which corrected previous misleading statements or omissions, but not for losses caused by broad market conditions or by other events unrelated to a securities

fraud. Therefore, a second requirement for eligibility is that the Settlement Class Member held the CRI security at the time its price declined due to a disclosure of information which corrected an allegedly misleading statement or omission.

Lead Plaintiff and Lead Counsel have identified the following dates of such price declines: October 27, 2009; and November 10, 2009 (the “corrective disclosure dates”). In the case of CRI common stock, the Settlement Class Member must have bought the stock before one of these two corrective disclosure dates, and then held the security until at least one corrective disclosure date. If the stock was purchased and then sold before October 27, 2009; or purchased on or after October 27, 2009 and subsequently sold on or before November 9, 2009, those transactions are excluded from consideration in distribution of settlement proceeds. In the case of CRI call options, a claimant must have purchased the option before one of these two corrective disclosure dates and held it until at least one corrective disclosure date without closing out the position (either by expiration or by selling the option). In the case of CRI put options, a claimant must have sold the option before one of the two corrective disclosure dates, and not closed out the position before a corrective disclosure date (closed out either by expiration or by purchasing the option).

Federal law constrains price inflation under the 90-day-lookback provision of the Public Securities Litigation Reform Act of 1995 (“PSLRA”). In calculating Recognized Loss on the purchase of a share of CRI stock, Recognized Loss may not exceed purchase price minus the 90-day-lookback mean price of \$24.57.

After a Proof of Claim with adequate documentation is submitted to the Claims Administrator, a “Recognized Loss” will be calculated for each purchase of CRI stock or call option or sale of put option in the Eligibility Period, and for a claimant’s total overall transactions in a particular category of security in the Eligibility Period. The Recognized Loss is not intended to be an estimate of the amount which might have been recovered after trial, or an estimate of the amount to be paid an Authorized Claimant from the Net Settlement Fund. The method for calculating Recognized Loss simply provides a basis for allocating the Net Settlement Fund proportionately among Authorized Claimants.

As described in the Second Amended Complaint, the alleged “Accommodations Fraud” extended from and included the beginning of the Class Period on March 16, 2005, through November 9, 2009. Following is a brief description of the announcements on the corrective disclosure dates that allegedly revealed the truth and dissipated the alleged Accommodations Fraud, as determined by Lead Plaintiff and Lead Counsel:

1. **October 27, 2009:** before market open on October 27, 2009, CRI announced it would delay release of third-quarter earnings to complete a review of margin support given wholesale customers.
2. **November 10, 2009:** after market close on November 9, 2009, CRI announced it would restate its financials for fiscal 2004-2008 and the first two quarters of fiscal 2009.

Recognized Loss on CRI Common Stock

If a claimant had a market gain from overall transactions in CRI common stock in the Eligibility Period March 16, 2005 through November 9, 2009, the value of his/her/its claim will be zero. If a claimant suffered an overall market loss on overall transactions in CRI common stock during the Eligibility Period, and that market loss was less than the sum of his/her/its total Recognized Losses on common stock calculated as described in this Plan of Allocation, that claimant’s Recognized Losses on common stock will be limited to the amount of the actual market loss. If a share was purchased on or after March 16, 2005, and held until at least November 10, 2009 (the last corrective disclosure date), market gain or loss on that share purchase will be the difference between purchase price and the PSLRA 90-day-lookback mean price of \$24.57. If a share was purchased on or after March 16, 2005, and sold on or before November 9, 2009, market gain or loss on that share purchase will be the difference between purchase price and sale price.

Lead Plaintiff’s damages expert has calculated the price decline net of market and industry effects for each of the two corrective disclosure dates. The net price declines are used to measure alleged inflation in stock price at each purchase and sale date, as described below.

The formulas for calculating Recognized Loss for purchases, or purchases followed by sales, of CRI common stock during the Eligibility Period are:

1. For a share purchased on or after March 16, 2005, and held until at least November 10, 2009, Recognized Loss will be the lesser of: (a) the appropriate value from Table A (below) for that purchase date; or (b) purchase price minus \$24.57. If purchase price minus \$24.57 is less than zero, the Recognized Loss is zero.
2. For a share purchased on or after March 16, 2005, and sold on or before November 9, 2009, Recognized Loss will be the lesser of: (a) the appropriate value from Table A (below) for that purchase date and sale date; or (b) purchase price minus \$24.57. If purchase price minus \$24.57 is less than zero, the Recognized Loss is zero.

To match purchases and sales within the Eligibility Period, the Claims Administrator will apply a first-in, first-out (“FIFO”)

rule to holdings of CRI stock on March 15, 2005 (the day before the beginning of the Eligibility Period), and to purchases and sales of CRI stock in the Eligibility Period. For example, FIFO will match the first shares of CRI stock sold against any shares held as of March 15, 2005, and then against purchases in the Eligibility Period in chronological order, beginning with the earliest purchases in the Eligibility Period. Sales matched to CRI common stock held as of March 15, 2005, will be excluded from calculation of Recognized Loss and market gain or loss.

No Recognized Loss will be calculated for any purchase of stock to cover a short sale.

If each Authorized Claimant's Recognized Loss on CRI common stock related to the disclosure dates can be paid in full, and funds remain in that portion of the Net Settlement Fund allocated to common stock, the remaining amount in that portion of the Net Settlement Fund allocated to common stock will be proportionally redistributed among Authorized Claimants with Recognized Losses on CRI options.

TABLE A

SHARE BOUGHT	And SOLD 3/16/05 - 10/26/09	And SOLD 10/27/09 - 11/9/09	And HELD to 11/10/09 or later
3/16/2005 - 10/26/09	\$0.00	\$6.13	\$8.09
10/27/09 - 11/9/09	NA	\$0.00	\$1.96
11/10/09 or later	NA	NA	\$0.00

Recognized Loss on Purchase of CRI Call Options and Sale of CRI Put Options

A Recognized Loss on a transaction in call or put options will be calculated on an out-of-pocket basis, with the exception that options exercised or assigned during the Class Period will be treated as CRI common stock purchased on the exercise date.

Recognized Loss on Call Options Purchased: A claimant must have purchased the call option before at least one of the two corrective disclosure dates and held it at least until a corrective disclosure date without closing out the position (either by expiration of the contract or by selling the contract).

If the call option was sold on or before November 9, 2009, and was not held to expiration, the Recognized Loss will be the purchase price minus the sale price. If the call option expired on or before November 9, 2009, the Recognized Loss will be the purchase price minus the value of the call option on the date of expiration. The value of the call option on the date of expiration will be the stock price at date of expiration, minus the strike price, but not less than zero.

If the call option was held unexpired at least through November 9, 2009, the Recognized Loss will be the purchase price minus the historical closing price of the call option on November 10, 2009. Purchases and subsequent sales of the same call options will be matched using FIFO, so that sales will be matched first against call options held on March 15, 2005, and then against the same call options in chronological order of purchase during the Eligibility Period. Sales matched to call options held at the beginning of the Eligibility Period will be excluded from the calculations of Recognized Loss and market gain or loss.

Recognized Loss on Put Options Sold: A claimant must have sold the option contract before at least one of the two corrective disclosure dates and not closed out the position before a corrective disclosure date (closed out either by expiration of the contract or by buying back the contract).

If the put option was repurchased on or before November 9, 2009, the Recognized Loss will be the repurchase price minus the sale price. If the put option expired on or before November 9, 2009, and the position was not closed out prior to expiration, the Recognized Loss will be the sale price minus the value of the put option on the date of expiration. The value of the put option on the date of expiration will be the strike price minus the stock price at date of expiration, but not less than zero.

If the put option was held unexpired at least through November 9, 2009, the Recognized Loss will be the sale price minus the historical closing price of the put option on November 10, 2009. Sales and subsequent repurchases of the same put option will be matched using FIFO, so that repurchases will be matched first against the same put option sold on or before March 15, 2005 and having an open position, and then against the same put option in chronological order of sale during the Eligibility Period. Repurchases matched to put options sold before the beginning of the Eligibility Period will be excluded from the calculations of Recognized Loss and market gain or loss.

Additional Provisions Relating to Options

If a claimant had an overall market gain from overall transactions in options on CRI common stock in the Class Period March 16, 2005 through November 10, 2009, the value of his/her/its claim will be zero. If a claimant suffered an overall market loss on overall transactions in options during the Class Period, and that market loss was less than the sum of his/her/its total Recognized Losses on options calculated as described in this Plan of Allocation, that claimant's Recognized Losses on options will be limited to the amount of the actual market loss on options.

Market gain or loss on an option will be calculated on an out-of-pocket basis excluding the requirement that the option be purchased or sold before a corrective disclosure date and the position held open until at least the second corrective disclosure date.

If each Authorized Claimant's Recognized Loss on CRI options can be paid in full, and funds remain in that portion of the Net Settlement Fund allocated to options, the remaining amount in that portion of the Net Settlement Fund allocated to options will be proportionally redistributed among Authorized Claimants with Recognized Losses on CRI common stock.

Other Provisions of the Plan of Allocation

Recognized Loss is zero on purchases of any shares of CRI common stock which were not publicly registered or were restricted from trading.

Purchases and sales of CRI stock and options will be considered to have occurred on the "contract" or "trade" date, as opposed to the "settlement" or "payment" date. The amount paid or received for such securities will exclude commissions, taxes, and fees.

Recognized Loss will be calculated only on purchases of CRI stock or options. No Recognized Loss will be calculated on receipt of such securities by gift, grant, inheritance, or operation of law.

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

Each Authorized Claimant will recover his/her/its *pro rata* share of the Net Settlement Fund allocated to each category of security (*i.e.* common stock and options) based on his/her/its Recognized Loss on each category of security. To the extent there are sufficient funds in the Net Settlement Fund allocated to each security, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Loss on the respective category of security. If, however, the amount in the Net Settlement Fund for each security is not sufficient to permit payment of the total of all Recognized Losses within that category of security, then each Authorized Claimant will be paid the percentage of the Net Settlement Fund for that security that each Authorized Claimant's recognized claim bears to the total of the claims of all Authorized Claimants ("*pro rata* share") for that category of security. If the Authorized Claimant's total of *pro rata* claims for both common stock and options is less than \$10.00, it will be removed from the calculation and will not be paid given the administrative expenses of processing payments.

Distributions to Authorized Claimants will be made after all claims have been processed and after the Court has approved the Claims Administrator's determinations. After an initial distribution of the Net Settlement Fund, if Lead Counsel in consultation with the Claims Administrator determines that redistribution(s) is cost-effective, the Claims Administrator will redistribute any funds remaining in the Net Settlement Fund to Authorized Claimants who have cashed their initial distribution checks, after payment from the Net Settlement Fund of any unpaid taxes, fees, or expenses incurred in administering the fund including in making distributions. If redistribution of funds remaining in the Net Settlement Fund is determined not to be cost-effective, the balance remaining in the Net Settlement Fund will be contributed to a nonsectarian nonprofit organization(s) serving the public interest, designated by Lead Plaintiff and approved by the Court.

Each claimant is deemed to have submitted to the jurisdiction of the United States District Court for the Northern District of Georgia with respect to his/her/its Proof of Claim.

Dated: June 5, 2013

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

EXHIBIT D

CONFIRMATION OF PUBLICATION

IN THE MATTER OF: *In re: Carter's Securities Litigation*

I, Breona Graper, hereby certify that

(a) I am the Media Manager at Epiq Systems Class Action & Claims Solutions, a noticing administrator, and;

(b) The Notice of which the annexed is a copy was published in the following publications on the following dates:

6.19.13 – Investor's Business Daily

6.19.13 – PR Newswire

X

Bre Graper

(Signature)

Media Manager

(Title)

UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF GEORGIA

In re CARTER'S, INC. SECURITIES LITIGATION Civil Action No. 1:08-CV-2940-AT

SUMMARY NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT WITH PRICEWATERHOUSECOOPERS LLP AND MOTION FOR ATTORNEYS' FEES AND COSTS

TO ALL PERSONS WHO PURCHASED THE PUBLICLY TRADED SECURITIES OF CARTER'S, INC. DURING THE PERIOD FROM MARCH 16, 2005 THROUGH NOVEMBER 10, 2009, INCLUSIVE, AND WERE ALLEGEDLY DAMAGED THEREBY (THE "SETTLEMENT 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 action has been preliminarily certified as a class action and that a Settlement for \$3.3 million with PricewaterhouseCoopers LLP ("PwC" or the "Defendant") has been proposed.

The Claims Administrator can also help you if you have questions about this document. Inquiries, other than requests for the forms of Notice and Proof of Claim or help with a claim, may be made to Lead Counsel:

Labaton Sucharow LLP Jonathan Gardner 140 Broadway New York, New York 10005 (888) 219-6877 www.labaton.com settlementquestions@labaton.com

If you are a Settlement Class Member, to participate in the proposed Settlement and be eligible to receive a recovery, you must either (1) have already submitted a claim in connection with the Carter's Settlement; or (2) if you did not previously submit a claim, submit a Proof of Claim in the proposed Settlement postmarked no later than October 3, 2013.

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS. If you have not yet received the full printed Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP and Motion for Attorneys' Fees and Expenses ("Notice") or a Proof of Claim and do not submit an acceptable claim, you will not share in the Settlement but you nevertheless will be bound by the Court's Final Order and Judgment as to PricewaterhouseCoopers LLP.

In re Carter's, Inc. Securities Litigation Claims Administrator PO Box 5110 Portland, OR 97208-5110 (866) 833-7918 www.cartersecuritieslitigation.com

Table with 4 columns: SMALL-CAP GROWTH FUNDS, LARGEST POSITIONS OF FUNDS IN SMALL-CAP INDEX, VALUE FUNDS VS. GROWTH FUNDS, and FUNDS IN VALUE INDEX. Includes line graphs showing performance trends.

Top Growth Funds Since Market Low March 9, 2009 (All Total Returns)

Table listing Top Growth Funds with columns: Mutual Fund, Performance, % Change, Rank, and \$ Net Assets. Funds include PIMCO Inst I FundlxdPITr, Invesco Funds A Small Comp, and Mass Mutl Select Focus Val S.

Top Growth Funds Since Market Peak Oct. 9, 2007 (All Total Returns)

Table listing Top Growth Funds with columns: Mutual Fund, Performance, % Change, Rank, and \$ Net Assets. Funds include ProfFunds InvBiotechUltraSector, PIMCO Inst I FundlxdPITr, and Dreyfus OpporSmCap.

Table with 4 columns: 2013, 4WK Net, % Asset NAV, and % Chg. Lists various mutual funds and their performance metrics.

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Investor's Business Daily table with columns: 2013, 4WK Net, % Asset NAV, % Chg. Lists various mutual funds and their performance metrics.

Investor's Business Daily table with columns: 2013, 4WK Net, % Asset NAV, % Chg. Lists various mutual funds and their performance metrics.

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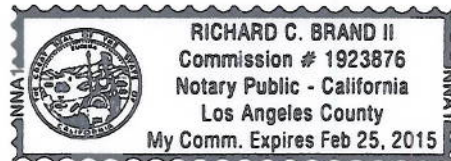
I, Stephan Johnson, for the publisher of Investor's Business Daily, published in the city of Los Angeles, state of California, county of Los Angeles hereby certify that the attached Notice of Settlement for Epiq Systems was printed in said publication on the following date:

June 19th, 2013: CARTER'S, INC. SECURITIES LITIGATION

State of California
 County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 19th day of June, 2013,
 by Stephan Johnson, proved to me on the basis of
 satisfactory evidence to be the person who appeared before me.

Signature Richard C. Brand II (Seal)





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The Law Firm Of Labaton Sucharow LLP Announces Summary Notice Of Pendency Of Class Action And Proposed Settlement With PricewaterhouseCoopers LLP And Motion For Attorneys' Fees And Expenses

Like

ATLANTA, June 19, 2013 /PRNewswire/ --

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

In re **CARTER'S, INC.**
SECURITIES LITIGATION

Civil Action No. 1:08-CV-2940-AT

To: ALL PERSONS WHO PURCHASED THE PUBLICLY TRADED SECURITIES OF CARTER'S, INC. DURING THE PERIOD FROM MARCH 16, 2005 THROUGH NOVEMBER 10, 2009, INCLUSIVE, AND WERE ALLEGEDLY DAMAGED THEREBY (THE "SETTLEMENT 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 action has been preliminarily certified as a class action and that a Settlement for \$3.3 million with PricewaterhouseCoopers LLP ("PwC" or the "Defendant") has been proposed. The proposed Settlement resolves all remaining claims in a class action lawsuit concerning an alleged scheme to mislead investors regarding the financial condition and practices of Carters, Inc. ("Carter's") during the period from March 16, 2005 through November 10, 2009, inclusive. A hearing will be held before the Honorable Amy Totenberg of the United States District Court for the Northern District of Georgia in the Richard B. Russell Federal Building and United States Courthouse, 75 Spring Street, SW, Atlanta, GA 30303-3309, at 11:00 a.m., on October 8, 2013, in Courtroom 2308 to, among other things, determine whether the proposed settlement 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 to consider the application of Lead Counsel for attorneys' fees and payment of expenses. The Court may change the date of the hearing without providing another notice.

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS. If you have not yet received the full printed Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP and Motion for Attorneys' Fees and Expenses ("Notice") or a Proof of Claim and Release form ("Proof of Claim") (if you did not already submit one in connection with the previously approved settlement with Carter's (the "Carter's Settlement"), you may obtain copies of these documents by contacting the Claims Administrator:

In re Carter's Inc. Securities Litigation
Claims Administrator
PO Box 5110
Portland, OR 97208-5110
(866) 833-7918
www.carterssecuritieslitigation.com

The Claims Administrator can also help you if you have questions about these documents. Inquiries, other than requests for the forms of Notice and Proof of Claim or help with a claim, may be made to Lead Counsel:

Labaton Sucharow LLP
Jonathan Gardner
140 Broadway
New York, New York 10005
(888) 219-6877
www.labaton.com or
settlementquestions@labaton.com

If you are a Settlement Class Member, to participate in the proposed Settlement and be eligible to receive a recovery, you must either (1) have already submitted a claim in connection with the Carter's Settlement; or (2) if you **did not** previously submit a claim, submit a Proof of Claim in the proposed Settlement **postmarked no later than October 3, 2013**. To exclude yourself from the Settlement Class, you must submit a written request for exclusion in accordance with the instructions set forth in the Notice such that it is **received or postmarked no later than September 17, 2013**. If you are a Settlement Class Member and do not exclude yourself from the Settlement Class, you will be bound by the Court's Final Order and Judgment as to PricewaterhouseCoopers LLP. Any objections to the Settlement, Plan of Allocation, or Lead Counsel's application for attorneys' fees and payment of expenses must be filed with the Court and served on counsel for the Settling Parties in accordance with the instructions set forth in the Notice, such that they are **received or postmarked no later than September 17, 2013**. If you are a Settlement Class Member and do not submit an acceptable claim, you will not share in the Settlement but you nevertheless will be bound by the Court's Final Order and Judgment as to PricewaterhouseCoopers LLP.

Featured Video



Journalists and Bloggers



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Further information may be obtained by contacting the Claims Administrator.

Dated: June 19, 2013

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

SOURCE United States District Court Northern District of Georgia

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EXHIBIT E

JULY 20, 2013.

Sub: EXCLUDE me from the claim (Civil Action # 1:08-CV-2940-AT)
Request exclusion from the PWC Settlement Class in In re Carter's Inc. Securities
Litigation No: 1:08-CV-2940-AT (N.D. Ga)

Respected Sir / Madam,

My name is Rachana Jain. I would like to exclude myself from this claim. I do not want to be a part of this lawsuit.

Please remove me from all the claims I am eligible for in your records for this lawsuit.

Thanks
R Jain

RACHANA JAIN .

Address:

Tel:

Shares: All eligible purchases, sales & acquisitions & sales of Carter's securities during the class period.

In re Carter's, Inc. Securities Litigation
 Claims Administrator
 PO Box 5110
 Portland, OR 97208-5110



094701944699

000 0144241 00000000 001 004 18031 □□□: 0 0

RACHANA JAIN

IMPORTANT INFORMATION & KEY DATES

TOLL FREE NUMBER:	866-833-7918
WEBSITE:	www.CartersSecuritiesLitigation.com
EMAIL:	info@CartersSecuritiesLitigation.com
OBJECTION/EXCLUSION DEADLINE:	September 17, 2013
SETTLEMENT FAIRNESS HEARING:	October 8, 2013
DEADLINE TO SUBMIT CLAIM FORMS:	October 3, 2013

PROOF OF CLAIM AND RELEASE***Settlement with PricewaterhouseCoopers LLP***

THIS PROOF OF CLAIM IS ONLY TO BE USED BY CLAIMANTS WHO DID NOT SUBMIT A CLAIM BY MAY 21, 2013 IN CONNECTION WITH THE PRIOR CARTER'S SETTLEMENT. IF YOU DID SUBMIT A CARTER'S CLAIM, YOU DO NOT NEED TO DO SO AGAIN.

If you did not submit a claim in connection with the prior Carter's Settlement by May 21, 2013, you must complete and, on page 7 below, sign this Proof of Claim and Release form ("Proof of Claim") in order to recover from the Net Settlement Fund created in connection with the settlement with the last remaining defendant in the Consolidated Action, PricewaterhouseCoopers LLP (the "PwC Settlement"). 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 Net Settlement Fund in the PwC Settlement. Submission of this Proof of Claim, however, does not assure that you will share in the Net Settlement Fund.

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

In re Carter's, Inc. Securities Litigation
 Claims Administrator
 PO Box 5110
 Portland, OR 97208-5110

If you are NOT a Member of the Settlement Class (as defined in the Notice of Pendency of Class Action and Proposed Settlement with PricewaterhouseCoopers LLP and Motion for Attorneys' Fees and Expenses (the "Notice")) DO NOT submit a Proof of Claim. If you did not submit a claim in connection with the Carter's Settlement and you wish to do so, please contact the Claims Administrator or check the website to obtain a copy of the claim form.

If you are a Member of the Settlement 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 that accompanies this Proof of Claim.

Call Option: A contract that gives the purchaser the right to purchase the underlying common stock at a specified price up to a specified date from the writer of the option contract.

Put Option: A contract that gives the purchaser the right to sell the underlying common stock at a specified price up to a specified date to the writer of the option contract.

For Questions Please Call: (866) 833-7918



IDENTIFICATION OF CLAIMANT

If you purchased or otherwise acquired (including by exchange, conversion or otherwise) the publicly traded securities (*i.e.*, common stock and options) of Carter's, Inc. during the period from March 16, 2005 through November 9, 2009, inclusive (the "Eligibility Period") and held the securities in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased or otherwise acquired Carter's common stock or options during the Eligibility 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 Carter's securities that form the basis of this claim, as well as the purchaser of record if different. **THIS CLAIM MUST BE SUBMITTED BY THE ACTUAL BENEFICIAL PURCHASER(S) OR AUTHORIZED OR LEGAL REPRESENTATIVE(S) OF SUCH PURCHASER(S) OF THE CARTER'S SECURITIES 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 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: (866) 833-7918; www.CartersSecuritiesLitigation.com; or info@CartersSecuritiesLitigation.com.

IDENTIFICATION OF TRANSACTION(S)

Use Parts II and III of this form to supply all required details of your transaction(s) in Carter's common stock and options. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same format. 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 Carter's common stock and options as of the beginning of trading on March 16, 2005; (ii) all of your purchases, other acquisitions and sales of Carter's common stock and options which took place at any time beginning March 16, 2005 through, and including, November 9, 2009; and (iii) proof of your holdings of Carter's common stock and options as of the opening of trading on November 10, 2009, 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 periods 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 Carter's securities should be attached to your claim. **DO NOT SEND ORIGINALS.** 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: (866) 833-7918; www.CartersSecuritiesLitigation.com; or info@CartersSecuritiesLitigation.com. Although the Claims Administrator does not have information about your transactions in Carter's securities, someone will be able to help you with the process of locating your information.

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF GEORGIA

In re Carter's, Inc. Securities Litigation

No. 1:08-CV-2940-AT

PROOF OF CLAIM

Must be Postmarked No Later Than:

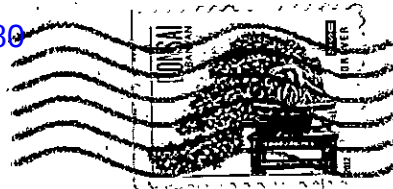
October 3, 2013



Rachana Jain



26 JUL 2013 PM 2 1



In re Carter's Inc. Securities Litigation - EXCLUSIONS

CLAIMS ADMINISTRATOR

P.O. Box 5110

PORTLAND, OR 97208-5110.

97208511010

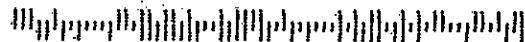


EXHIBIT 4

IN RE CARTER'S, INC. SECURITIES LITIGATION
(N.D. Ga. Case No. 08-CV-2940)

SUMMARY OF LODESTARS AND EXPENSES

FIRM	HOURS	LODESTAR	EXPENSES
Labaton Sucharow LLP	1062.3	\$663,828.50	\$56,396.97
Harris Penn Lowry, LLP	70.0	\$41,755.00	\$1017.09
TOTALS	1132.3	\$705,583.50	\$57,414.06

EXHIBIT 5

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA**

In re)
CARTER’S, INC.) Civil Action No. 1:08-CV-2940-AT
SECURITIES LITIGATION)
)
)
)

**DECLARATION OF JONATHAN GARDNER ON BEHALF OF
LABATON SUCHAROW LLP IN SUPPORT OF
LEAD COUNSEL’S MOTION FOR ATTORNEYS’ FEES AND
REIMBURSEMENT 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 reimbursement of litigation expenses on behalf of all plaintiffs’ counsel who contributed to the prosecution or resolution of the above-captioned action (the “Consolidated Action”) from April 14, 2012 through August 16, 2013 (the “Time Period”).¹

¹ This fee request relates only to fees incurred during the Time Period, which is the period after Lead Counsel submitted its request for an award of fees and expenses in connection with the prior partial settlement in the Consolidated Action. That motion was granted by the Court on June 1, 2012. ECF No. 130.

2. My firm, which served as Lead Counsel in the Consolidated Action, was involved in all aspects of the litigation and settlement of the action, as set forth in detail in the Declaration of Jonathan Gardner in Support of Lead Plaintiff's Motion for Final Approval of Class Action Settlement and Plan of Allocation and Lead Counsel's Motion for Attorneys' Fees and Reimbursement of Litigation Expenses, filed herewith.

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 or resolution of the Consolidated Action during the Time Period and the lodestar calculation based on my firm's current billing rates. 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 reimbursement 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 litigation.

5. The total number of hours expended on the prosecution or resolution of the Consolidated Action by my firm during the Time Period is 1,062.3 hours. The total lodestar for my firm for those hours is \$663,828.50.

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 \$56,396.97 in unreimbursed expenses incurred in connection with the prosecution or resolution of the Consolidated Action during the Time Period. The expenses incurred 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 some of the attorneys of my firm who worked on the claims against PwC in the Consolidated Action during the Time Period.

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 30, 2013.



JONATHAN GARDNER

EXHIBIT A

Exhibit A***IN RE CARTER'S, INC. SEC. LITIG.***
No. 08-2940 (N.D. Ga.)**LODESTAR REPORT****FIRM: LABATON SUCHAROW LLP****REPORTING PERIOD: APRIL 14, 2012 THROUGH AUGUST 16, 2013**

PROFESSIONAL	STATUS*	HOURLY RATE	TOTAL HOURS TO DATE	TOTAL LODESTAR TO DATE
Keller, C.	P	\$875.00	12.9	\$11,287.50
Belfi, E.	P	\$800.00	11.5	\$9,200.00
Gardner, J.	P	\$775.00	255.2	\$197,780.00
Zeiss, N.	OC	\$725.00	59.0	\$42,775.00
Goldman, M.	OC	\$680.00	3.2	\$2,176.00
Wierzbowski, E.	A	\$665.00	79.7	\$53,000.50
Nguyen, A.	A	\$615.00	299.2	\$184,008.00
Martin, C.	A	\$590.00	179.5	\$105,905.00
Holmes, C.	A	\$525.00	29.4	\$15,435.00
Losoya, J.	RA	\$295.00	9.1	\$2,684.50
Greenbaum, A.	I	\$445.00	2.5	\$1,112.50
Malonzo, F.	PL	\$335.00	68.5	\$22,947.50
Kupersmith, R.	PL	\$295.00	48.0	\$14,160.00
Mehringer, L.	PL	\$295.00	4.6	\$1,357.00
TOTAL			1,062.3	\$663,828.50

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

EXHIBIT B

Exhibit B***IN RE CARTER'S, INC. SEC. LITIG.***
No. 08-2940 (N.D. Ga.)**DISBURSEMENT REPORT****FIRM: LABATON SUCHAROW LLP****REPORTING PERIOD: APRIL 14, 2012 THROUGH AUGUST 16, 2013**

DISBURSEMENT¹	TOTAL AMOUNT
Duplicating	\$2,371.40
Telephone / Fax	\$459.63
Mediation Fees	\$22,150.00
Court Reporters/Transcripts Fees	\$545.95
Computer Research Fees	\$2,684.95
Overnight Delivery Services	\$207.31
Expert Fees	\$13,729.00
Travel/Meals/Lodging	\$5,060.35
Litigation Support Fees	\$9,188.38
TOTAL	\$56,396.97

¹ Includes estimated travel costs in connection with attendance at final settlement approval hearing on October 8, 2013.

EXHIBIT C

**Labaton
Sucharow**

Firm Resume

Investor Protection Litigation

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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
<i>In re Bear Stearns Companies, Inc. Securities Litigation</i> , 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
<i>In re American International Group Inc. Securities Litigation</i> , No. 04-cv-8141 (S.D.N.Y.)	Negotiated settlements totaling more than \$1 billion
<i>In re HealthSouth Securities Litigation</i> , No. 03-cv-1500 (N.D. Ala.)	Settlement valued at \$671 million
<i>In re Waste Management, Inc. Securities Litigation</i> , No. H-99-2183 (S.D. Tex.)	Settled for \$457 million
<i>In re Countrywide Financial Corp. Securities Litigation</i> , No. 07-cv-5295 (C.D. Cal.)	Settled for \$624 million – the largest credit-crisis-related settlement at the time
<i>In re General Motors Corp. Securities & Derivative Litigation</i> , No. 06-md-1749 (E.D. Mich.)	Settled for \$303 million
<i>In re El Paso Corporation Securities Litigation</i> , No. 02-cv-2717 (S.D. Tex.)	Settled for \$285 million
<i>In re PaineWebber Limited Partnerships Litigation</i> , No. 94-cv-832/7 (S.D.N.Y.)	Settled for \$200 million
<i>Eastwood Enterprises LLC v. Farha (WellCare Securities Litigation)</i> , No. 07-cv-1940 (M.D. Fla.)	Settled for \$200 million
<i>In re Bristol-Myers Squibb Securities Litigation</i> , No. 00-cv-1990 (D.N.J.)	Settled for \$185 million and significant corporate governance reforms
<i>In re Broadcom Corp. Securities Litigation</i> , 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
<i>In re Satyam Computer Services, Ltd. Securities Litigation</i> , 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)
<i>In re Mercury Interactive Securities Litigation</i> , No. 05-cv-3395 (N.D. Cal.)	Settled for \$117.5 million – the largest options backdating settlement at the time
<i>In re Prudential Securities Inc. Limited Partnership Litigation</i> , No. M-21-67 (S.D.N.Y.)	Negotiated \$110 million partial settlement

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

Docket Information	Results of the Case
<i>In re SupportSoft, Inc. Securities Litigation</i> , No. 04-cv-5222 (N.D. Cal.)	Settled for \$10.7 million
<i>In re InterMune Securities Litigation</i> , No. 03-cv-2954 (N.D. Cal.)	Settled for \$10.4 million
<i>In re HCC Insurance Holdings, Inc. Securities Litigation</i> , 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 DekalInvestment 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, Lara Goldstone, Terri Goldstone, Thomas G. Hoffman, Jr., Richard T. Joffe, Barry M. Okun, Paul J. Scarlato and Nicole M. Zeiss; and associates Craig A. Martin and Angelina Nguyen. 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. In May 2013, Larry was elected Vice Chair of the International Financial Litigation Network, a Network of law firms from 15 countries seeking international solutions to financial problems.

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.

Mark is one of the few litigators in the plaintiffs' bar to have tried two securities fraud class action cases to a jury verdict.

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, The 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 complaint.

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, the Eastern District of Wisconsin, and the District of Nevada.

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., Consec, 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 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.

In June 2013, David was one of a select number of partners individually "recommended" by *The Legal 500* as part of the Firm's recognition as one of the three top-tier plaintiffs' firms in securities class action litigation.

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 successfully

represented 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 settled actions against CBeyond, Inc., Compellent Technologies, Inc., Spectranetics 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 Pricemart, 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 restaurateur.

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 LaPerriere 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

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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

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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 SECwhistlebloweradvocate.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 litigating securities fraud claims against underwriters and outside audit firms.

Currently, Steve is actively involved in prosecuting *In re MF Global Holdings Ltd. Securities Litigation*, *In re Netflix Inc. Securities Litigation* and *In re Celestica Inc. Securities Litigation*.

With over a decade of plaintiff-side securities experience, Steve has helped shareholders obtain historic settlements in many large, high-profile cases. Most recently, Steve was a principal member of the trial team that prosecuted *In re Schering-Plough Corp. / ENHANCE Securities Litigation*, which settled on the eve of trial for \$473 million – the largest securities class action recovery in history from a pharmaceutical company.

Steve was also one of the partners responsible for prosecuting *In re Broadcom Corp. Securities Litigation*, which settled for \$173.5 million – the largest options backdating recovery in the Ninth Circuit and the third largest overall. Of that amount, Steve helped recover \$13 million from Ernst & Young LLP – the largest backdating recovery from an outside auditor.

Steve was also one of the principal partners responsible for representing various New York City and New Jersey pension funds in opt-out litigation arising from the multi-billion dollar fraud at Adelphia.

Steve has substantial appellate experience and has successfully litigated several appeals before the U.S. Court of Appeals for the Second, Third and Ninth Circuits. In particular, Steve played an instrumental role in reversing the dismissal of Ernst & Young LLP in the Broadcom litigation, resulting in a landmark decision in which the Ninth Circuit clarified the standard for pleading a securities fraud claim against an outside auditor.

Prior to joining Labaton Sucharow, Steve practiced securities litigation at Bernstein Litowitz Berger & Grossmann LLP, where he prosecuted *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. helped shareholders recover \$138 million.

During his time at Washington University School of Law, Steve was a Scholar of Law and served as Editor-in-Chief of the *Journal of Law & Policy*. 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.

Lara Goldstone, Of Counsel

lgoldstone@labaton.com

Lara Goldstone concentrates her practice on prosecuting complex securities litigations on behalf of institutional investors. Before joining Labaton Sucharow, Lara worked as a legal intern in the Larimer County District Attorney's Office and the Jefferson County District Attorney's Office.

Prior to her legal career, Lara worked at Industrial Labs where she worked closely with Federal Drug Administration standards and regulations. In addition, she was a teacher in Irvine, California.

Lara received a J.D. from University of Denver Sturm College of Law, where she was a Judge, The Providence Foundation of Law & Leadership Mock Trial and Competitor, Daniel S.

Hoffman Trial Advocacy Competition. She earned a B.A. from The George Washington University where she was a recipient of a Presidential Scholarship for academic excellence.

Lara is admitted to practice in the State of Colorado.

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.

Craig A. Martin, Associate

cmartin@labaton.com

Craig A. Martin concentrates his practice on prosecuting complex securities fraud cases on behalf of institutional investors. Craig specializes in securities cases involving auditors and accounting related fraud.

He played a key role in 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. Craig helped recover \$5.2 million from overdrawn limited partners and \$30 million from the Fund's former auditors. Craig was an instrumental part of a team that secured a \$109 million settlement in *In re HealthSouth Securities Litigation* against Ernst & Young LLP.

Craig is currently involved in prosecuting securities class action litigations against Goldman Sachs Group, Inc. and Bear Stearns Companies, Inc. (\$275 million settlement with Bear Stearns, plus a \$19.9 million settlement with Deloitte & Touche LLP, Bear Stearns' outside auditor; pending court approval).

Craig is the co-author of "U.S. Changing to Looser Accounting Standards," *Executive Counsel*, August/September 2011; and "Undermining Accounting Rules," *Investment Week*, October 19, 2009. He also is a contributor to *Eyes On Wall Street*, Labaton Sucharow's blog on economics, corporate governance and other issues of interest to investors.

Craig received a J.D. from Seton Hall University School of Law. During his time there, he was a participant in the Eugene Gressman Moot Court Competition, was appointed a member of the Appellate Advocacy Moot Court Board and was awarded Best Brief and Best Oralist in his Appellate Advocacy class. Craig earned an M.B.A. from New York University and a B.S. in Accounting from Ithaca College.

Prior to practicing law, Craig, a Certified Public Accountant, worked in auditing, accounting and finance positions at certain Fortune 500 companies. He began his professional career at a Big Four accounting firm, where, for almost five years, he specialized in auditing financial services companies. Craig's previous business experience adds further depth to the Labaton Sucharow team in prosecuting complex securities fraud cases.

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

Angelina Nguyen, Associate

anguyen@labaton.com

Angelina Nguyen concentrates her practice on prosecuting complex securities fraud cases on behalf of institutional investors. Currently, Angelina is a member of the team prosecuting *Richard Gammel v. Hewlett-Packard Co., et al.* and *In re K12 Inc. Securities Litigation*.

Prior to joining Labaton Sucharow, Angelina was an associate at Quinn, Emanuel, Urquhart, Oliver & Hedges LLP. She began her career as an associate at Skadden, Arps, Slate, Meagher & Flom LLP, where she worked on the *Worldcom Securities Litigation*.

Angelina received a J.D. from Harvard Law School. She earned a B.S. in Chemistry and Mathematics with first class honors from the University of London, Queen Mary and Westfield College.

Angelina is a member of the American Bar Association.

Angelina is admitted to practice in the State of New York as well as before the United States Court of Appeals for the Second Circuit.

EXHIBIT 6

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA**

In re)
CARTER’S, INC.) Civil Action No. 1:08-CV-2940-AT
SECURITIES LITIGATION)
)
)

**DECLARATION OF DAVID J. WORLEY ON BEHALF OF
HARRIS PENN LOWRY, LLP IN SUPPORT OF
LEAD COUNSEL’S MOTION FOR ATTORNEYS’ FEES AND
REIMBURSEMENT OF LITIGATION EXPENSES**

David J. Worley, Esq., declares as follows, pursuant to 28 U.S.C. §1746:

1. I have been Of Counsel to the law firm of Harris Penn Lowry, LLP and its predecessor firm, Harris Penn Lowry DelCampo, LLP, since March 12, 2012. I submit this declaration in support of Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of litigation expenses on behalf of all plaintiffs’ counsel who contributed to the prosecution or resolution of the above-captioned action (the “Consolidated Action”) from April 14, 2012 through August 16, 2013 (the “Time Period”).

2. My firm, appointed by the Court as Liaison Counsel to the Class on May 31, 2012, has acted in the role of Liaison Counsel in the Consolidated Action, and was involved in a variety of aspects of the litigation and settlement of the action, as set forth in the Declaration of Jonathan Gardner in Support of Lead

Plaintiff's Motion for Final Approval of Class Action Settlement and Plan of Allocation and Lead Counsel's Motion for Attorneys' Fees and Reimbursement of Litigation Expenses.

3. The principal tasks undertaken by my firm included reviewing and revising pleadings, drafting and revising a motion, preparing for and attending court hearings, participating in mediation and negotiating and coordinating with opposing counsel. 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 or resolution of the Consolidated Action during the Time Period, and the lodestar calculation based on my firm's current billing rates. 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 reimbursement 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 charged in other securities or shareholder litigation.

5. The total number of hours expended on this litigation by my firm during the Time Period is 70 hours. The total lodestar for my firm for those hours is \$41,755.00.

6. My firm's lodestar figures are based upon the firm's billing rates, which rates do not include charges for expense items. Expense items are billed separately and such charges are not duplicated in my firm's billing rates. Expense disbursements are shown on Exhibit B attached hereto and total \$1017.09.

7. With respect to the standing of my firm, attached hereto as Exhibit C is a brief biography of my firm which includes biographies of some of the attorneys of my firm who worked on the Consolidated Action.

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

Executed on August 29, 2013.

/s/ David J. Worley
DAVID J. WORLEY

EXHIBIT A

Exhibit A

PLYMOUTH COUNTY RETIREMENT SYSTEM v. RE CARTER'S INC.

Case No.: 1:08-CV-02940-AT (N.D. Ga.)

LODESTAR REPORT

FIRM: HARRIS PENN LOWRY, LLP

REPORTING PERIOD: APRIL 14, 2012 THROUGH August 16, 2013

PROFESSIONAL	STATUS*	HOURLY RATE	TOTAL HOURS TO DATE	TOTAL LODESTAR TO DATE
David J. Worley	OC	\$700	46.6	\$ 32,620.00
James M. Evangelista	P	\$725	4.0	\$ 2,900.00
Brian C. Bradley	FA	\$500	4.0	\$ 2,000.00
Barry Kaltman	PL	\$275	15.4	\$ 4,235.00
TOTAL			70.0	\$ 41,755.00

* Partner (P) Associate (A) Forensic Accountant (FA)

Of Counsel (OC) Paralegal (PL) Investigator (I) Research Analyst (RA)

EXHIBIT B

Exhibit B

PLYMOUTH COUNTY RETIREMENT SYSTEM v. RE CARTER'S INC.

Case No.: 1:08-CV-02940-AT (N.D. Ga.)

DISBURSEMENT REPORT

FIRM: HARRIS PENN LOWRY, LLP

REPORTING PERIOD: APRIL 14, 2012 THROUGH AUGUST 16, 2013

DISBURSEMENT	TOTAL AMOUNT
Duplicating	
Parking	\$96.00
Telephone/Fax	
Couriers	\$20.18
Filing Fees	
Transcripts	
Computer Research Fees	
Overnight Delivery Services	
Expert Fees	
Travel/Meals	\$900.91
Court Reporters	
TOTAL	\$1017.09

EXHIBIT C

Harris Penn Lowry, LLP

Harris Penn Lowry, LLP, handles large-scale litigation throughout the United States. With offices in Atlanta and Savannah, Ga., the firm's partners and associates are highly skilled lawyers, with a solid track record of past trial work. The firm, known for successfully trying cases to juries, has secured more than \$270 million for its clients through numerous verdicts and settlements since its founding in 2006.

The firm's partners have been recognized annually as Super Lawyers for their trial expertise, a designation achieved by only 2.5% of the attorneys in Georgia. Frequent presenters at workshops and conferences, HPL's partners are considered to be among the leading plaintiffs' lawyers in the southeast, often featured by media both in Georgia and nationally for their trial work.

HPL has obtained numerous record-setting verdicts and settlements on behalf of its clients that have produced multiple appearances on the annual survey of top jury verdicts in the United States as compiled by the National Law Journal.

The lawyers of HPL have taken on companies guilty of overcharging, charging fictitious fees, utilizing unfair business practices, violating RICO, breaching fiduciary duties, broker fraud, investor fraud, security litigation, and more. They also pursue justice for consumers who have been harmed by healthcare fraud or violations of the privacy and security requirements of the Health Insurance Portability and Accountability Act (HIPAA). HPL protects clients' rights in healthcare litigation, consumer class actions, and litigation to address consumer mistreatment and unfair business practices.

HPL's experienced trial attorneys assist businesses with intellectual property disputes (copyright infringement, trademark litigation, etc.), contract disputes, partnership disputes, dissolutions, shareholder disputes, employment disputes and other types of business litigation such as business fraud.

Financial Fraud and Securities Litigation

HPL's Financial Fraud and Securities Litigation Practice Group focuses on complex, high value, financial fraud-related litigation and class action litigation

Among our interrelated practice areas, we represent institutional and individual investors in securities fraud class actions, shareholder class actions (i.e., merger & acquisition) and shareholder derivative litigation, particularly litigation against banking and other financial institutions. We also represent bankruptcy trustees and other stakeholders in direct litigation against corporate officers and directors, as well as accounting and other professionals, for breaches of their fiduciary duties. HPL's trial attorneys also have represented plaintiffs in major consumer class action litigation.

The lawyers of Harris Penn Lowry have aggressively and successfully litigated cases on behalf of aggrieved investors throughout the United States in significant securities fraud matters and have served in various leadership roles in securities fraud class action litigation against such well-known public companies as AFC Enterprises, Airgate PCS, Beazer Homes, BellSouth, Biogen Idec, Carters, Chicago Bridge & Iron, CNF, The Coca-Cola Company, Coca-Cola Enterprises, Cryolife, Dell, Elan Pharmaceuticals, Encysive Pharmaceuticals, First Horizon Pharmaceuticals, Hewlett-Packard, Immucor, Internap Internet Services, MBNA, Mirant, New York Community Bancorp, Par Pharmaceuticals, Profit Recovery Group, Providian Financial Corp, Rhodia, Select Medical, Spectrum Brands, TyCom, Vivendi, Vonage, Witness Systems, and Washington Mutual.

Representative shareholder class and derivative litigation matters our lawyers have handled include actions against CNF, Inc. (breach of fiduciary duties, including corporate waste); Hythiam Corp and Comprehensive Care Corp (breach of fiduciary duties relating to procedurally and financially unfair attempted acquisition); Guitar Center, Inc. (breach of fiduciary duties relating to procedurally and financially unfair going private transaction); Beazer Homes USA, Inc. (breach of fiduciary duties, including corporate waste); HBOC McKesson and Per Se Inc. (breach of fiduciary duties arising from procedurally and financially unfair acquisition).

The breadth of our attorneys' experience is reflected in the roles they served in the prosecution of numerous securities fraud litigations in which their former firms had served as lead or co-lead counsel. Importantly, the quality and level of our financial fraud and securities lawyers' experience and efforts are reflected in the results they directly helped to achieve including:

- *In Re Providian Financial Corp. Sec. Litig.*, C 01-3952 (N.D. Ca.) (securities fraud class action) (\$65 million recovery);
- *South Ferry LP #2 v. Killinger, (Washington Mutual, Inc.)*; United States District Court for the Western District of Washington, Civil Action No. CV04-1599C (securities fraud class action) (\$41.5 million recovery);
- *In Re Dell, Inc., Securities Litig.*, 1:06-cv-726 (W.D.Tx.) (securities fraud class action) (securities fraud class action) (\$40 million recovery);
- *In Re BellSouth Corporation Sec. Litig.*, United States District Court for the Northern District of Georgia, Civil Action No. 1:02-CV2142-WSD (securities fraud class action) (\$35 million recovery);
- *Eaves et al v. Earthlink*, Case No. 05-CV-97274 (consumer fraud class action) (GA Superior, Fulton Cty) (recovery on behalf of 850,000 class members for improper termination fee charges, settlement value up to \$26 million);

- *Baker v. MBNA Corp.*, 05-cv-0272 (D. Del.) (securities fraud class action) (\$25 million recovery);
- *In Re Cryolife Sec. Litig.*, No. 1:02-CV-01868 (N.D. Ga.) (securities fraud class action) (\$23.25 million settlement);
- *Plymouth County Retirement Systems v. Carter's, Inc. et al*, 08-CV-2940-JOF (N.D. Ga.) (securities fraud class action) (preliminary approval of partial settlement of \$20 million);
- *In Re AFC Enterprises Sec. Litig.*, No. 1:03-CV-817 (N.D. Ga.) (securities fraud class action) (\$18 million recovery);
- *In re NPS Pharmaceuticals, Inc. Sec. Litig.*, No. 06-cv-00570 (D.Utah) (securities fraud class action) (\$15 million recovery);
- *In re Friedman's, Inc. Sec. Litig.*, No. 03-cv-3475 (N.D. Ga.) (securities fraud class action) (\$14.9 million recovery);
- *Shulte v. Fifth Third Bank*, 09-CV-06655-RMD (N.D. Ill) (consumer fraud class action) (\$9.5 million settlement);
- *In Re First Horizon Pharmaceutical Corporation Sec. Litig.*, United States District Court for the Northern District of Georgia, Civil Action No. 1:02-CV-2332-JOF (securities fraud class action) (\$4.65 million recovery);
- *In re Verso Technologies, Inc. (Liquidating Trustee of the Verso Technologies v. Odom, et al)* 1:09-cv-1293 (AT) (N.D.GA) (officer & director liability; professional liability) (partial settlement of \$3.5 million against former officers & directors);
- *In re Verilink (Liquidating Trustee of the Estates of Verilink and Larscom v. Belden, et al)* 08-80072 (JAC) (N.D.Ala, Bkcy.) (officer & director liability; professional liability) (partial settlement of \$2 million against former officers & directors, including contributions from individual officer & director defendants);
- *In Re Comprehensive Care Corp. Shareholder Litig.*, Cons. C.A. No. 2692 (halted procedurally unfair merger); and
- *Criddle v. CNF, Inc.*, CA No. 434340 (San Mateo, Ca.) (derivative action resulted in corporate governance changes to address specific misconduct alleged in the complaint relating to aircraft safety and maintenance reporting issues).

Indeed, speaking directly to Mr. Evangelista while with his prior firm and during an attorneys' fee hearing, the Hon. Charles R. Breyer congratulated the \$65 million class settlement he helped achieve and stated:

[Y]ou worked ... like demons. You absolutely worked. And by working as hard as you worked, you got it. You got the settlement that I have to believe was a good settlement. ... So I thought you did a fine job, and you came right up to the plate when it was necessary.

In Re Providian Financial Corp. Sec. Litig., Master File No. C 01-3952 CRB (N.D.Cal.).

Professionals

Jeffrey R. Harris **Partner**

Jeff Harris is an experienced trial attorney who handles cases across a wide variety of different practice areas. His specialty is trying cases to a jury and he has been retained on cases across Georgia and the southeast. He is routinely brought into complex cases at the request of other attorneys to handle the trial of those disputes. Jeff has successfully litigated cases involving product defects, business disputes, wrongful death, catastrophic injury, bad faith, aviation accidents, medical negligence, and industrial accidents.

Darren W. Penn **Partner**

As a partner at Harris Penn Lowry, LLP, Darren Penn has attained hundreds of favorable verdicts, influenced critical changes in safety regulations and legislation as well as manufacturing and big business practices in this country, which have positively impacted the lives of countless consumers and business owners. Darren currently serves as Chair of the General Practice and Trial Section of the State Bar of Georgia. He is on the Executive Committee of the Georgia Trial Lawyers Association serving as Parliamentarian and was the Chair and Co-Chair of the GTLA Legislative Committee from 2009-2011.

Stephen G. Lowry **Partner**

Steve Lowry has dedicated his entire professional life to helping individuals and businesses during difficult times. Steve's clients benefit significantly from his attention to detail and tireless work ethic. Having secured the top verdict in Georgia for 2010, Steve was recently named to *Fulton County Daily Report's* coveted list, "On the Rise," which recognized him as one of the state's leading legal practitioners. His extensive experience includes business, catastrophic personal injury, aviation, trucking and wrongful death litigation.

James M. Evangelista
Partner

Jim Evangelista has over 20 years of diverse, hands-on, complex financial fraud, commercial and class action litigation experience representing both plaintiffs and defendants in federal and state courts around the United States with extensive experience in electronic discovery matters. Jim's broad plaintiffs' experience includes the representation of institutional pension funds, corporations and individual investors in securities fraud class action, merger and acquisition, shareholder derivative, and general business tort and commercial litigation against public companies such as AT&T, Bank of America, Beazer Homes USA Inc., BellSouth Corp., Cingular Wireless, Coca Cola Enterprises, Inc., Dell Inc., Mirant Corp., New York Community Bankcorp, Spectrum Brands Inc., Verizon, Vonage Holdings Corp., and Washington Mutual Bank.

Jed D. Manton
Partner

Jed Manton is committed to representing individuals and business that have been harmed by the actions of others. His trial experience includes business, catastrophic injury, wrongful death, trucking, aviation, product liability and automobile cases. Jed was named to Super Lawyer's *Rising Star* list in 2011 and 2012.

David J. Worley
Of Counsel

David Worley has over 20 years of experience in complex civil trial and appellate litigation, including many years representing trustees of union pension funds and international and local unions, with substantial experience in portfolio monitoring and securities and other class action litigation. He has repeatedly been named a Georgia Super Lawyer in the field of securities litigation. Among the major securities cases he managed were *In re Cryolife Securities Litigation* and *In re AFC Enterprises Securities Litigation*, cases that produced two of the ten largest securities fraud settlements in the history of the Northern District of Georgia.

Linda S. Brown
Associate

Linda Brown is well versed in complex financial fraud and commercial and class action analysis related to violations of securities, banking laws and regulations. After more than 15 years in banking and ERISA consulting, she also provides expert analysis of various banking, fiduciary, mutual fund, ERISA, tax, and related federal regulatory and compliance matters. Her experience includes engagements against public companies and mutual funds such as Bank of America, Evergreen Ultra Short Term Opportunities Fund and actions filed by a liquidating trustee against former officers and auditors.

Madeline E. McNeeley
Associate

After a clerkship with the Hon. Peter T. Fay of the U.S. Court of Appeals for the Eleventh Circuit and a term as a staff attorney to the Eleventh Circuit, Molly McNeeley joined Harris Penn Lowry as an associate in 2011. At HPL, her focus is on business tort, wrongful death, personal injury and product liability litigation. A native of East Tennessee, Molly graduated sixth in her class at the University of Tennessee College of Law and served as Executive Editor of the *Tennessee Law Review*. Among her scholastic honors are the Order of the Coif, the Cunningham Excellence in Legal Writing Award and membership in Phi Beta Kappa.

Kristy B. Sweat
Associate

Kristy Sweat joined Harris Penn Lowry in 2012 after serving two years as Assistant State Attorney in the First Judicial Circuit of Florida where she was lead prosecutor in over 75 trials. During those years, Kristy had over 150 cases assigned to her at any given time. Kristy's extensive trial experience is an asset to HPL, a firm known for its trial expertise, where she will focus on products liability, wrongful death, personal injury and business torts.

In 2010, Kristy won first place in the Frank E. Maloney writing competition sponsored by the Florida Bar's Environmental and Land Use section with the paper entitled, "Getting an 'Act of Congress' -- De Facto Federalization of the ACF River Basin."

Leslie G. Toran
Associate

Leslie Glover Toran has a long-held interest in the efficient and fair functioning of the financial markets and banking system. Her experience includes litigating cases involving securities fraud, breach of fiduciary duty, corporate mismanagement, violations of intellectual property rights, antitrust violations and other complex commercial matters. Leslie has represented both plaintiffs and defendants in individual actions and class actions in both state and federal courts.

Brian C. Bradley
Forensic Fraud Specialist

Brian Bradley has over 15 years of experience in complex, forensic analysis of financial, banking and accounting issues related to securities fraud class action, merger and acquisition, shareholder derivative, and general business tort and commercial litigation. His diversified experience includes high profile engagements on behalf of state insurance commissioners, institutional pension funds, corporations and individual investors against public companies and mutual funds such as AFC Enterprises, AT&T, Bank of America, Beazer Homes USA Inc., BellSouth Corp., Carter's, Inc., Computer Associates International, Inc., Coca Cola Enterprises, Inc., Dell Inc., Evergreen Ultra Short Term

Opportunities Fund, MBNA Corp., Mirant Corp., NPS Pharmaceuticals, Inc., New York Community Bankcorp, Southern Pacific Funding, Corp., Vivendi Universal, S.A., and Washington Mutual Bank.

EXHIBIT 7

COMPENDIUM OF DOCKETED CASES

In re Cbeyond Inc. Sec. Litig.,

No. 1:08-cv-1666 (CC) (N.D. Ga. Jan. 5, 2010)

In re ChoicePoint, Inc. Sec. Litig.,

Civil Action No.: 1:05-CV-00686-JTC (N.D. Ga. July 21, 2008)

In re Clarus Corp. Sec. Litig.,

No. 1:00-CV-2841-CAP (N.D. Ga. Jan. 6, 2005)

In re Harbinger Corp. Sec. Litig.,

No. 1:99-CV-2353-MHS (N.D. Ga. Oct. 18, 2001)

In re Healthtronics Surgical Servs., Inc. Sec. Litig.,

No. 1:03-CV-2800-CC (N.D. Ga. Dec. 1, 2005)

In re iXL Enters., Inc. Sec. Litig.,

No. 1:00-CV-2347-CC (N.D. Ga. Aug. 5, 2003)

In re Medirisk, Inc. Sec. Litig.,

No. 1:98-CV-1922-CAP (N.D. Ga. Mar. 22, 2004)

In re Profit Recovery Group Int'l, Inc. Sec. Litig.,

No. 00-cv-1416 (N.D. Ga. May 26, 2005)

In re Theragenics Corp. Sec. Litig.,

No. 1:99-CV-0141-TWT (N.D. Ga. Sept. 29, 2004)

FILED IN CLERK'S OFFICE
U.S.D.C. Atlanta

JAN 5 2010

JAMES N. WATSON, Clerk
By: *[Signature]* Deputy Clerk

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
(ATLANTA DIVISION)

IN RE CBeyond, INC.)
SECURITIES LITIGATION)

Civil Action No. 1:08-cv-1666 (CC)

)
)
) **[PROPOSED] ORDER**
) **APPROVING LEAD**
) **COUNSEL'S UNOPPOSED**
) **MOTION FOR AN AWARD OF**
) **ATTORNEYS' FEES AND**
) **REIMBURSEMENT OF**
) **EXPENSES**
_____)

THIS MATTER having come before the Court on January 5, 2010, on the Unopposed Motion by Lead Counsel for an Award of Attorneys' Fees and Reimbursement of Expenses; this Court, having considered all papers filed and proceedings conducted herein, having found the Settlement between the Genesee County Employees' Retirement System and the Essex Regional Retirement Board ("Lead Plaintiffs"), on behalf of themselves and the proposed Settlement Class, and Cbeyond, Inc. ("Cbeyond"), James F. Geiger, and J. Robert Fugate (collectively, "Defendants") to be fair, reasonable and adequate; 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 meaning as set forth in the Stipulation and Agreement of Settlement (the "Stipulation"), filed on August 28, 2009.

2. The Court has jurisdiction over the subject matter of the application and all matters relating thereto, including all Settlement Class Members.

3. The Court finds that a percentage of the fund approach is the appropriate method for awarding attorneys' fees in this matter. *Camden I Condo Ass'n v. Dunkle*, 946 F.2d 768, 774 (11th Cir. 1991). Further, the Court finds that a percentage fee of 30% of the gross Settlement Fund is reasonable for the reasons set forth herein.

4. The Court finds that a percentage fee of 30% is reasonable when compared to percentage awards of similar size and complexity.

5. The Court finds that Counsel committed over 1,896.3 hours working on this matter from the inception of the case through December 18, 2009, with a resulting lodestar of approximately \$909,610.00.

6. The Court finds that Counsel took this case on a contingent fee basis assuming the risk of no payment for their work, showed considerable skill in handling the complex legal and factual issues presented and obtained a fair and reasonable settlement on behalf of the Settlement Class.

7. The Court finds that the Settlement Class reaction supports approval of the fee application, the Court having received no objections out of more than 13,376 notices mailed to the Settlement Class Members.

8. The Court hereby awards Counsel's attorneys' fees of 30% of the gross Settlement Fund, or \$690,000, plus accrued interest. Said fees shall be allocated by Lead Counsel in a manner which, in their good faith judgment, reflects each counsel's contribution to the institution, prosecution, and resolution of the claims against Defendants.

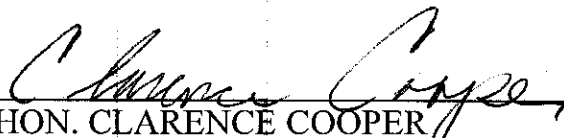
9. The Court hereby awards Counsel's expenses in an aggregate amount of \$53,525.08, plus accrued interest, to be paid from the gross Settlement Fund.

10. The awarded fees and expenses shall be paid from the gross Settlement Fund immediately after the date this Order is executed subject to the terms, conditions, and obligations of the Stipulation.

IT IS SO ORDERED.

DATED:

Apr. 5, 2010


HON. CLARENCE COOPER
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

IN RE CHOICEPOINT, INC.
SECURITIES LITIGATION

CONSOLIDATED
CIVIL CASE NO.
1:05-CV-00686-JTC

ORDER GRANTING ATTORNEY FEES AND EXPENSES

This matter having come before the Court on June 12, 2008, on the motion of Lead Counsel for an award of attorney fees and expenses; the Court, having considered all papers filed and proceedings conducted herein, having found the settlement of this Litigation 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. All of the capitalized terms used herein shall have the same meanings as set forth in the Stipulation of Settlement dated as of March 6, 2008 (the "Stipulation").
2. This Court has jurisdiction over the subject matter of this motion and all matters relating thereto, including all Members of the Class who have not timely and validly requested exclusion.
3. The Court hereby **GRANTS** Lead Counsel attorney fees of 30% of the

Settlement Fund and expenses in an aggregate amount of \$175,584.29 together with the interest earned thereon for the same time period and at the same rate as that earned on the Settlement Fund until paid. Said fees shall be allocated by Lead Counsel in a manner which, in their good-faith judgment, reflects each counsel's contribution to the institution, prosecution and resolution of the Litigation. The Court finds that the amount of fees awarded is fair and reasonable in light of the time and labor required, the novelty and difficulty of the case, the skill required to prosecute the case, the experience and ability of the attorneys, awards in similar cases, the contingent nature of the representation and the result obtained for the Class.

4. The awarded attorney fees and expenses, and interest earned thereon, shall be paid to Lead Counsel from the Settlement Fund immediately after the date this Order is executed subject to the terms, conditions, and obligations of the Stipulation and in particular ¶6.2 thereof, which terms, conditions, and obligations are incorporated herein.

SO ORDERED, this 21st day of July, 2008.



JACK T. CAMP
UNITED STATES DISTRICT JUDGE

1-6-05
FILED IN OPEN COURT
Luther D. Thomas, Clerk
By: *R. M. [Signature]*
Deputy Clerk

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

IN RE CLARUS CORPORATION
SECURITIES LITIGATION

CASE NO. 1:00-CV-2841-CAP

~~PROPOSED~~ ORDER AND FINAL JUDGMENT

On the sixth day of January, 2005, this matter came before the Court for hearing pursuant to the Order of this Court dated November 19, 2004 (“the “Order”) to determine: (1) whether the terms and conditions of the Stipulation and Agreement of Settlement dated August 3, 2004 (the “Stipulation”) are fair, reasonable and adequate for the settlement of all claims asserted by the Settlement Class against the Defendants in the Complaint now pending in this Court under the above caption, including the release of the Defendants and the Released Parties, and should be approved; (2) whether judgment should be entered dismissing the Complaint on the merits and with prejudice in favor of the Defendants and as against all persons or entities who are members of the Settlement Class herein who have not requested exclusion therefrom; (3) whether to approve the Plan of Allocation as a fair and reasonable method to allocate the settlement proceeds among the members of the Settlement Class; and (4) whether and in what amount

to award Plaintiffs' Counsel fees and reimbursement of expenses; the Court having considered all matters submitted to it at the hearing and otherwise; and it appearing that due and adequate notice having been given to the Settlement Class as required in the Order; and the Court having considered and determined the fairness and reasonableness of the award of attorneys' fees and expenses requested.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Judgment incorporates by reference the definitions used in the Stipulation and all terms used herein shall have the same meanings as set forth in the Stipulation.
2. The Court has jurisdiction over the subject matter of the Action, the Plaintiffs, all Settlement Class Members, and the Defendants.
3. The Court finds that with respect to the Settlement Class, the prerequisites for a class action under Fed. R. Civ. P. 23 (a) and (b)(3) have been satisfied in that: (a) the number of Settlement Class Members is so numerous that joinder of all members thereof is impracticable; (b) there are questions of law and fact common to the Settlement Class; (c) the claims of the Settlement Class Representatives are typical of the claims of the Settlement Class they seek to represent; (d) the Settlement Class Representatives have and will fairly and adequately represent the interests of the Settlement Class; (e) the questions of law

and fact common to the members of the Settlement Class predominate over any questions affecting only individual members of the Settlement Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure this Court hereby finally certifies this action as a class action for purposes of this Settlement on behalf of all persons and entities who purchased or otherwise acquired Clarus Corporation ("Clarus") common stock between December 8, 1999 and October 25, 2000, inclusive (the "Settlement Class"). Excluded from the Settlement Class are Defendants, members of each Individual Defendant's immediate family, any entity in which Defendants or any excluded person has or had a controlling interest, the officers and directors of Clarus, and the legal affiliates, representatives, heirs, controlling persons, successors, and predecessors in interest or assigns of any such excluded party. Also excluded from the Settlement Class are the persons and/or entities who requested exclusion from the Settlement Class as listed on Exhibit A annexed hereto.

5. Notice of the Pendency of this Action as a Class Action and of the Proposed Settlement was the best practicable notice under the circumstances, including individual notice given to all Settlement Class Members who could be

identified with reasonable effort. The form and method of notifying the Settlement Class of the pendency of the action as a class action and of the terms and conditions of the proposed Settlement 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.

6. The Settlement is approved as fair, reasonable and adequate, and the Settlement Class Members and the parties are directed to consummate the Settlement in accordance with the terms and provisions of the Stipulation.

7. The Complaint is hereby dismissed with prejudice and without costs, except as provided in the Stipulation, as against the Defendants.

8. Upon the Effective Date hereof, the Lead Plaintiffs and each of the Settlement Class Members shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Claims against the Released Parties, regardless of whether such Settlement Class Member executes and delivers a Proof of Claim and Release, and such Settlement Class Members are permanently enjoined from filing or pursuing any Released Claim against any Released Party.

9. Upon the Effective Date hereof, each of the Released Parties shall be deemed to have, and by operation of this Judgment shall have, fully, finally and forever released, relinquished and discharged all Settled Defendants' Claims.

10. Neither this Order and Final Judgment, the Stipulation, nor any of its terms and provisions, nor any of the negotiations or proceedings connected with it, nor any of the documents or statements referred to therein shall be:

(a) offered or received against the Defendants as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any of the Defendants with respect to the truth of any fact alleged by any of the plaintiffs or the validity of any claim that has been or could have been asserted in the Action or in any litigation, or the deficiency of any defense that has been or could have been asserted in the Action or in any litigation, or of any liability, negligence, fault, or wrongdoing of the Defendants;

(b) offered or received against the Defendants as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant;

(c) offered or received against the Defendants as evidence of a presumption, concession or admission with respect to any liability, negligence,

fault or wrongdoing, or in any way referred to for any other reason as against any of the Defendants, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that if this Stipulation is approved by the Court, Defendants may refer to it to effectuate the liability protection granted them hereunder;

(d) construed against the Defendants as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; or

(e) construed as or received in evidence as an admission, concession or presumption against Plaintiffs or any of the Settlement Class Members that any of their claims are without merit, or that any defenses asserted by the Defendants have any merit, or that damages recoverable under the Complaint would not have exceeded the Gross Settlement Fund.

11. The Plan of Allocation is approved as fair and reasonable, and Plaintiffs' Counsel and the Claims Administrator are directed to administer the Stipulation in accordance with its terms and provisions.

12. The Court finds that all parties and their counsel have complied with each requirement of Rule 11 of the Federal Rules of Civil Procedure as to all proceedings herein.

13. Lead Plaintiff John Nittolo is hereby awarded \$ 6,000, Lead Plaintiff T.F.M. Investment Group is hereby awarded \$ 8,950, Lead Plaintiff Ronald Williams is hereby awarded \$ 13,750, and Plaintiff William Dell is hereby awarded \$ 1,680, for their reasonable costs and expenses (including lost wages) directly relating to their representation of the Settlement Class, which amounts shall be paid to them from the Settlement Fund.

14. Plaintiffs' Counsel are hereby awarded 33 1/3% of the Gross Settlement Fund in fees, which sum the Court finds to be fair and reasonable, and \$ 523,406.54 in reimbursement of expenses, which amounts shall be paid to Plaintiffs' Co-Lead Counsel from the Settlement Fund with interest from the date such Settlement Fund was funded to the date of payment at the same net rate that the Settlement Fund earns. The award of attorneys' fees shall be allocated among Plaintiffs' Counsel in a fashion which, in the opinion of Plaintiffs' Co-Lead Counsel, fairly compensates Plaintiffs' Counsel for their respective contributions in the prosecution of the Action.

15. In making this award of attorneys' fees and reimbursement of expenses to be paid from the Gross Settlement Fund, the Court has considered and found that:

(a) the settlement has created a fund of \$4.5 million (\$4,500,000) in cash that is already on deposit, plus interest thereon and that numerous Settlement Class Members who submit acceptable Proofs of Claim will benefit from the Settlement created by Plaintiffs' Counsel;

(b) Over 57,757 copies of the Notice were disseminated to putative Settlement Class Members indicating that Plaintiffs' Counsel were moving for attorneys' fees in the amount of up to 33 $\frac{1}{3}$ % of the Gross Settlement Fund and for reimbursement of expenses in an amount of approximately \$550,000 and for awards to Plaintiffs John Nittolo, T.F.M. Investment Group, Ronald Williams, and William Dell for their reasonable costs and expenses (including lost wages) directly relating to their representation of the Settlement Class, in an amount not to exceed \$35,000 collectively, to be paid solely from the Settlement Fund, subject to approval by the Court as permitted pursuant to 15 U.S.C. §78u-4(4), and only three objections were filed against the terms of the proposed Settlement or the ceiling on the fees and expenses requested by Plaintiffs' Counsel contained in the Notice;

(c) Plaintiffs' Counsel have conducted the litigation and achieved the Settlement with skill, perseverance and diligent advocacy;

(d) The action involves complex factual and legal issues and was actively prosecuted over three years and, in the absence of a settlement, would involve further lengthy proceedings with uncertain resolution of the complex factual and legal issues;

(e) Had Plaintiffs' Counsel not achieved the Settlement there would remain a significant risk that Plaintiffs and the Settlement Class may have recovered less or nothing from the Defendants;

(f) Plaintiffs' Counsel have devoted over 13,009.2 hours, with a lodestar value of \$4,133,312.50, to achieve the Settlement; and

(g) The amount of attorneys' fees awarded and expenses reimbursed from the Settlement Fund are consistent with awards in similar cases.

16. Without affecting the finality of this Judgment in any way, exclusive jurisdiction is hereby retained over the parties and the Settlement Class Members for all matters relating to this Action, including the administration, interpretation, effectuation or enforcement of the Stipulation and this Order and Final Judgment, and including any application for fees and expenses incurred in connection with

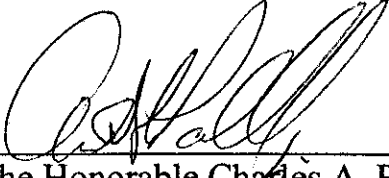
administering and distributing the settlement proceeds to the members of the Settlement Class.

17. Without further order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

18. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk of the Court is expressly directed pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

IT IS SO ORDERED

Dated: Atlanta, Georgia
Jan 6th, 2005



The Honorable Charles A. Pannell, Jr.
Judge, United States District Court
Northern District of Georgia
Atlanta Division

ORIGINAL

FILED IN CLERK'S OFFICE
U.S.D.C. Atlanta

AMM

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

OCT 18 2001

LEWIS ... Clerk
[Signature]
Deputy Clerk

IN RE HARBINGER CORP.) Case No. 1:99-CV-2353-
SECURITIES LITIGATION) MHS
_____)

ORDER AND FINAL JUDGMENT

On the 4th day of October, 2001 a hearing having been held before this Court to determine: (1) whether the terms and conditions of the Stipulation and Agreement of Settlement dated June 8, 2001 (the "Stipulation") are fair, reasonable and adequate for the settlement of all claims asserted by the Class against the Defendants in the Complaint now pending in this Court under the above caption, including the release of the Defendants and the Released Parties, and should be approved; (2) whether judgment should be entered dismissing the Complaint on the merits and with prejudice in favor of the Defendants and as against all persons or entities who are members of the Class herein who have not requested exclusion therefrom; (3) whether to approve the Plan of Allocation as a fair and reasonable method to allocate the settlement proceeds among the members of the Class; and (4) whether and in what amount to award Plaintiffs' Counsel fees and reimbursement of expenses. The Court having considered all matters submitted to it at the hearing and otherwise; and it appearing that a

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notice of the hearing substantially in the form approved by the Court was mailed to all persons or entities reasonably identifiable, who purchased or otherwise acquired the common stock of Harbinger Corporation ("Harbinger") (now "Peregrine Systems, Inc.") during the period from February 4, 1998 through and including September 30, 1998 (the "Class Period"), except those persons or entities excluded from the definition of the Class, as shown by the records of Harbinger's transfer agent, at the respective addresses set forth in such records, and that a summary notice of the hearing substantially in the form approved by the Court was published in the national edition of Investor's Business Daily pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the award of attorneys' fees and expenses requested; and all capitalized terms used herein having the meanings as set forth and defined in the Stipulation.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Court has jurisdiction over the subject matter of the Action, the Plaintiffs, all Class Members, and the Defendants.

2. The Court finds that the prerequisites for a class action under Fed. R. Civ. P. 23 (a) and (b) (3) have been satisfied in that: (a) the number of Class Members is so numerous that joinder of all members thereof is impracticable; (b) there are questions of law and fact common to the Class; (c) the claims of the Class Representatives are typical of the claims of the Class they seek to represent; (d) the Class Representatives have and will fairly and adequately represent the interests of the Class; (e) the questions of law and fact common to the members of the Class predominate over any questions affecting only individual members of the Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure this Court hereby finally certifies this action as a class action on behalf of all persons who purchased or otherwise acquired the common stock of Harbinger Corporation ("Harbinger") during the period from February 4, 1998 through and including September 30, 1998. Excluded from the Class are the Defendants in this Action, the officers and directors of Harbinger, members of the immediate families (parents, spouses, siblings, and children) of such officers and

directors and subsidiaries and affiliates of defendants and their officers and directors. Also excluded from the Class are the persons and/or entities who requested exclusion from the Class as listed on Exhibit A annexed hereto.

4. Notice of the pendency of this Action as a class action and of the proposed Settlement was given to all Class Members who could be identified with reasonable effort. The form and method of notifying the Class of the pendency of the action as a class action and of the terms and conditions of the proposed Settlement met the requirements of Rule 23 of the Federal Rules of Civil Procedure, section 21D of the Securities Exchange Act of 1934, 15 U.S.C. §78u-4(a)(7), 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.

5. As directed by Bennett v. Behring Corp., 737 F.2d 982 (11th Cir. 1996), the Court has fully considered (i) the likelihood of success at trial, (ii) the range of possible recovery, (iii) the point on or below the range of possible recovery at which a settlement is fair, adequate, and reasonable, (iv) the complexity, expense, and duration of the

litigation, (v) the substance and amount of opposition to the settlement, and (vi) the stage of the proceedings at which the settlement was achieved, and finds that the Stipulation is approved as fair, reasonable and adequate, and the Class Members and the parties are directed to conduct themselves in accordance with its terms and provisions.

6. The Complaint is hereby dismissed with prejudice and without costs, except as provided in the Stipulation, as against the Defendants.

7. Members of the Class and the successors and assigns of any of them, are hereby permanently barred and enjoined from instituting, commencing or prosecuting, either directly or in any other capacity, any claims, rights or causes of action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known and unknown claims, that have been or could have been asserted in any forum by the Class Members or any of them or the successors and assigns of any of them, whether directly, indirectly, representatively or in any other capacity, against any of the Released Parties (as defined below) which arise out of or relate in any way to the allegations, transactions, facts, matters or occurrences,

representations or omissions involved, set forth, referred to or that could have been asserted in the Complaint relating to the purchase of shares of the common stock of Harbinger during the Class Period (the "Settled Claims") against any of the Defendants or their current and former directors, officers, employees, attorneys, accountants, and agents (the "Released Parties").

8. The Settled Claims are hereby compromised, settled, released, discharged and dismissed as against the Released Parties on the merits and with prejudice by virtue of the proceedings herein and this Order and Final Judgment.

9. The Defendants and the successors and assigns of any of them, are hereby permanently barred and enjoined from instituting, commencing or prosecuting, either directly or in any other capacity, any Settled Defendants' Claims against any of the Plaintiffs, Class Members or their attorneys. The Settled Defendants' Claims are hereby compromised, settled, released, discharged and dismissed on the merits and with prejudice by virtue of the proceedings herein and this Order and Final Judgment.

10. Neither this Order and Final Judgment, the Stipulation, nor any of its terms and provisions, nor any of

the negotiations or proceedings connected with it, nor any of the documents or statements referred to therein shall be:

(a) offered or received against the Defendants or against the Plaintiffs or the Class as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any of the Defendants or by any of the Plaintiffs or the Class with respect to the truth of any fact alleged by Plaintiffs or the validity of any claim that had been or could have been asserted in the Action or in any litigation, or the deficiency of any defense that has been or could have been asserted in the Action or in any litigation, or of any liability, negligence, fault, or wrongdoing of the Defendants;

(b) offered or received against the Defendants as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant, or against the Plaintiffs and the Class as evidence of any infirmity in the claims of Plaintiffs and the Class;

(c) offered or received against the Defendants or against the Plaintiffs or the Class as evidence of a presumption, concession or admission with respect to any

liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the parties to the Stipulation, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation; provided, however, that Defendants may refer to the Stipulation to effectuate the liability protection granted them thereunder;

(d) construed against the Defendants or the Plaintiffs and the Class as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; or

(e) construed as or received in evidence as an admission, concession or presumption against Plaintiffs or the Class or any of them that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement Fund.

11. The Plan of Allocation is approved as fair and reasonable, and Plaintiffs' counsel and the Claims Administrator are directed to administer the Stipulation in accordance with its terms and provisions.

12. The Court finds that all parties and their counsel have complied with each requirement of Rule 11 of the Federal Rules of Civil Procedure and §§27(c) and 21D(c) of the Reform Act as to all proceedings herein.

13. Plaintiffs' Counsel are hereby awarded the sum of \$741,461.00 in fees, which sum the Court finds to be fair and reasonable, and \$57,567.56 in reimbursement of expenses, which amounts shall be paid to Plaintiffs' Lead Counsel from the Settlement Fund with interest from October 1, 2001 to the date of payment at the same net rate that the Settlement Fund earns. The Court finds that Plaintiffs' Counsel have amply demonstrated that: (i) the results obtained were excellent in light of the relevant circumstances of this action, (ii) the economics of the prosecution of the class action and the experience of counsel strongly support the settlement, (iii) Plaintiffs' and Defendants' Counsel possess superior professional skill and excellent standing in the legal community, (iv) the approved fee is substantially similar to fees approved in similar cases, (v) the time and labor required by counsel is consistent with the terms of the settlement, especially considering the attorneys' fee constitutes a reasonable 3.32 multiplier of lodestar, and (vi)

no class member objected to the settlement or the attorneys' fee at any time. The Court is thus satisfied that an attorneys' fee of 33 1/3% is fair and reasonable under Camden I Condominium Association, Inc. v. Dunkle, 946 F.2d 768 (11th Cir. 1998). The award of attorneys' fees shall be allocated among Plaintiffs' Counsel in a fashion which, in the opinion of Plaintiffs' Lead Counsel, fairly compensates Plaintiffs' Counsel for their respective contributions in the prosecution of the Action.

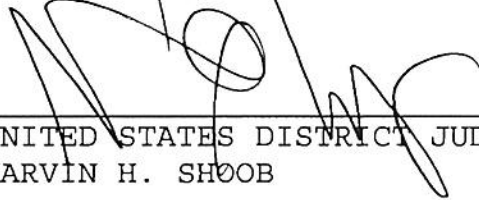
14. Exclusive jurisdiction is hereby retained over the parties and the Class Members for all matters relating to this Action, including the administration, interpretation, effectuation or enforcement of the Stipulation and this Order and Final Judgment, and including any application for fees and expenses incurred in connection with administering and distributing the settlement proceeds to the members of the Class.

15. Without further Order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

16. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk

of the Court is expressly directed pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

Dated: 10/18, 2001



UNITED STATES DISTRICT JUDGE
MARVIN H. SHOOP

Exhibit A

1. Laing & Cruickshank Investment Managment Limited (shares held by Laing & Cruickshank Investment Managment Ltd. A/C Client or JOCAR Nominees Ltd. A/C Client)
2. Mellon Trust/Boston Safe Deposit and Trust Co. acting in fiduciary capacity for John Deere Pension Trust

FILED IN CLERK'S OFFICE
U.S.D.C. - Atlanta

DEC 1 2005

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

LUTHER D. THOMAS, Clerk
By: *[Signature]*
Deputy Clerk

IN RE HEALTHTRONICS
SURGICAL SERVICES, INC.
SECURITIES LITIGATION

CONSOLIDATED CIVIL
ACTION NO. 1:03-CV-2800-CC

ORDER AND FINAL JUDGMENT

This matter is before the Court on the Parties' proposed class action settlement. The proposed settlement encompasses the following cases pending before the Court: *Thomas, et al v. HealthTronics, Inc., et al.*, Civil Action File No. 1:03-CV-02800-CC; *Adams v. HealthTronics, Inc., et al.*, Civil Action File No. 1:03-CV-03026-CC; *Riotto v. HealthTronics, Inc., et al.*, Civil Action File No. 1:03-CV-03071-CC; and *Schwartz v. HealthTronics, Inc., et al.*, Civil Action File No. 1:03-CV-03432-CC.

The above actions have been consolidated for all purposes under the caption *In re HealthTronics Surgical Services, Inc. Securities Litigation*, No. 1:03-CV-2800-CC (the "Action").

The Parties have submitted a Stipulation and Agreement of Settlement dated September 9, 2005 (the "Stipulation") that, together with the exhibits accompanying

the Stipulation, sets forth the terms and conditions for settlement and dismissal of the Action with prejudice. Having read and considered the Stipulation (the defined terms of which are incorporated herein) and the exhibits annexed thereto and having conducted a hearing on December 1, 2005 to determine: (1) whether the terms and conditions of the Stipulation are fair, reasonable, and adequate for the settlement of all claims asserted by the Class against the Defendants in the Action, including the release of the Defendants and the Released Parties, and should be approved; (2) whether judgment should be entered dismissing the Action on the merits and with prejudice in favor of the Defendants and as against all persons or entities who are Class Members who have not requested exclusion therefrom; (3) whether to approve the Plan of Allocation as a fair and reasonable method to allocate the settlement proceeds among the Class Members; and (4) whether and in what amount to award Plaintiffs' Counsel fees and reimbursement of expenses.

The Court having considered all matters submitted to it at the hearing and otherwise; and it appearing that a notice of the hearing substantially in the form approved by the Court was mailed to all persons or entities reasonably identifiable, who purchased or otherwise acquired the common stock of HealthTronics Surgical Services, Inc. ("HealthTronics") from January 4, 2000 through and including July 28, 2003 (the "Class Period"), except those persons or entities excluded from the

definition of the Class, as shown by the records of HealthTronics' transfer agent, at the respective addresses set forth in such records, and that a summary notice of the hearing substantially in the form approved by the Court was published in the national edition of *The Wall Street Journal* pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the award of attorneys' fees and expenses requested; and all capitalized terms used herein having the meanings as set forth and defined in the Stipulation, it is ORDERED and ADJUDGED as follows:

1. The Court has jurisdiction over the subject matter of the Action, the Lead Plaintiffs, all Class Members, and the Defendants.

2. The Settlement is approved as fair, reasonable and adequate, and the Class Members and the parties are directed to consummate the Settlement in accordance with the terms and provisions of the Stipulation.

3. The Court finds that the prerequisites for a class action under Federal Rules of Civil Procedure 23 (a) and (b)(3) have been satisfied in that: (a) the number of Class Members is so numerous that joinder of all members thereof is impracticable; (b) there are questions of law and fact common to the Class; (c) the claims of the Class Representatives are typical of the claims of the Class they seek to represent; (d) the Class Representatives have and will fairly and adequately

represent the interests of the Class; (e) the questions of law and fact common to the members of the Class predominate over any questions affecting only individual members of the Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure this Court hereby finally certifies this action as a class action on behalf of all persons who purchased the common stock of HealthTronics during the period between January 4, 2000 through July 28, 2003, inclusive, and who were damaged thereby. Excluded from the Class are Defendants, officers and directors of HealthTronics, members of the immediate families (parents, spouses, siblings, and children) of the Individual Defendants or the officers and directors of HealthTronics during the Class Period and each of their legal representatives, heirs, successors or assigns and any entity in which any Defendant has or has had a controlling interest. Also excluded from the Class are any putative Class Members who exclude themselves by filing a request for exclusion in accordance with the requirements set forth in the Notice.

5. Notice of the pendency of this Action as a class action and of the proposed Settlement was given to all Class Members who could be identified with reasonable effort. The form and method of notifying the Class of the pendency of the action as a class action and of the terms and conditions of the proposed

Settlement 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 (“PSLRA”), 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.

6. The Action, which the Court finds was filed on a good faith basis in accordance with the PSLRA and Rule 11 of the Federal Rules of Civil Procedure, is hereby dismissed with prejudice and without costs, except as provided in the Stipulation, as against any and all of the Defendants.

7. As used in this Order and Final Judgment, the terms “Settled Claims,” “Released Parties,” and “Settled Defendants’ Claims” shall have the meanings specified below:

(a) “Released Parties” means any and all of the Defendants, their past or present subsidiaries, parents, successors and predecessors, officers, directors, agents, employees, attorneys, advisors, insurers, and investment advisors, auditors, accountants and any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or which is

related to or affiliated with any of the Defendants, and the legal representatives, heirs, successors in interest or assigns of the Defendants.

(b) "Settled Claims" means any and all claims, (including "Unknown Claims" as defined in subsection (c) hereof) debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and unknown claims that: (i) have been asserted in the Actions by the Class Members or any of them against any of the Released Parties; or (ii) could have been asserted in any forum by the Class Members or any of them against any of the Released Parties which arise out of, are based upon, or relate in any way to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the complaints and in the Consolidated Amended Complaint, which was filed in each of the Actions, and relate to the purchase or ownership of the common stock of HealthTronics during the Class Period. Notwithstanding the above, however, nothing in this Stipulation is intended to or

does release suitability or churning claims Class Members may have, if any, against brokers.

(c) “Unknown Claims” means any Settled Claim which any Class Member does not know or suspect to exist in such party’s favor at the time of the release of the Released Parties which, if known by such party, might have affected such party’s settlement with and release of the Released Parties, or might have affected such party’s decision not to object to this settlement. With respect to any and all Settled Claim, upon the Effective Date, the Class Members shall expressly, and by operation of this Order and Final Judgment shall have expressly waived, the provisions, rights and benefits of California Civil Code §1542, which provides:

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

The Class Members by operation of this Order and Final Judgment shall have expressly waived, 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 California Civil Code §1542. The Class Members may hereafter discover facts in addition to or different from those which such party now knows or believes to be true with respect to the subject matter of the

Settled Claims, but the Class Members, upon the Effective Date, by operation of this Order and Final Judgment shall have, fully, finally, and forever settled and released, any and all Settled Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, that now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts.

(d) "Settled Defendants' Claims" means any and all claims, rights or causes of action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known claims and unknown claims, that have been or could have been asserted in the Actions or any forum by the Defendants or any of them or the successors and assigns of any of them against any of the Plaintiffs, Class Members or their attorneys, which arise out of or relate in any way to the institution, prosecution, or Settlement of the Actions (except for claims to enforce the Settlement).

8. Upon the Effective Date hereof, Lead Plaintiffs shall, and each of the Class Members shall be deemed to have, and by operation of law shall have, on

behalf of themselves and the successors and assigns of any of them, fully, finally, and forever released, relinquished, and discharged all Settled Claims, whether or not such Class Member executed and delivers the Proof of Claim and Release.

9. Upon the Effective Date hereof, each of the Defendants shall be deemed to have, and by operation of this Judgment shall have fully, finally and forever released, relinquished and discharged all Settled Defendants' Claims.

10. Lead Plaintiffs, each Class Member, and the successors and assigns of any of them are barred and enjoined forever from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting against any of the Released Parties, and each of them, any of the Released Claims.

11. Pursuant to the PSLRA, the Released Parties are hereby discharged from all claims for contribution by any person or entity, whether arising under state, federal or common law, based upon, arising out of, relating to, or in connection with the Settled Claims. Accordingly, to the full extent provided by the PSLRA, the Court hereby bars all claims for contribution: (a) against the Released Parties; and (b) by the Released Parties, against any person or entity other than any person or

entity whose liability to the Class has been extinguished pursuant to the Stipulation and this Order and Final Judgment.

12. Neither this Order and Final Judgment, the Stipulation, nor any of its terms and provisions, nor any of the negotiations or proceedings connected with it, nor any of the documents or statements referred to therein shall be:

(a) offered or received against the Defendants as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any of the Defendants with respect to the truth of any fact alleged by any of the plaintiffs or the validity of any claim that has been or could have been asserted in the Action or in any litigation, or the deficiency of any defense that has been or could have been asserted in the Action or in any litigation, or of any liability, negligence, fault, or wrongdoing of the Defendants;

(b) offered or received against the Defendants as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant;

(c) offered or received against the Defendants as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the

Defendants, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that if this Stipulation is approved by the Court, Defendants may refer to it to effectuate the liability protection granted them hereunder;

(d) construed against the Defendants as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; or

(e) construed as or received in evidence as an admission, concession or presumption against Lead Plaintiffs or any of the Class Members that any of their claims are without merit, or that any defenses asserted by the Defendants have any merit, or that damages recoverable under the Complaint would not have exceeded the Settlement Fund.

13. The Plan of Allocation is approved as fair and reasonable, and Plaintiffs' Class Counsel and the Claims Administrator are directed to administer the Stipulation in accordance with its terms and provisions.

14. The Court finds that all parties and their counsel have complied with each requirement of Rule 11 of the Federal Rules of Civil Procedure as to all proceedings herein.

15. Plaintiffs' Counsel are hereby awarded 33 % of the Settlement Fund in fees, which sum the Court finds to be fair and reasonable, and \$ 87,879.74 in reimbursement of expenses, which expenses shall be paid to Plaintiffs' Class Counsel from the Settlement Fund with interest from the date such Settlement Fund was funded to the date of payment at the same net rate that the Settlement Fund earns. The award of attorneys' fees shall be allocated among Plaintiffs' Counsel in a fashion which, in the opinion of Plaintiffs' Class Counsel, fairly compensates Plaintiffs' Class Counsel for their respective contributions in the prosecution of the Action.

16. In making this award of attorneys' fees and reimbursement of expenses to be paid from the Gross Settlement Fund, the Court has considered and found that:

(a) the settlement has created a fund of \$2.825 million in cash, plus interest thereon, and that numerous Class Members who submit acceptable Proofs of Claim will benefit from the Settlement created by Plaintiffs' Counsel;

(b) Over 14,641 copies of the Notice were disseminated to putative Class Members indicating that Plaintiffs' Counsel were moving for attorneys' fees in the amount of not greater than thirty-three and one third percent ($33\frac{1}{3}\%$) of the Settlement Fund and for reimbursement of expenses in an amount not to exceed \$150,000.00, and no objections were filed against the terms of the proposed

Settlement or the ceiling on the fees and expenses requested by Plaintiffs' Class Counsel contained in the Notice;

(c) Plaintiffs' Class Counsel have conducted the litigation and achieved the Settlement with skill, perseverance and diligent advocacy;

(d) The Action involves complex factual and legal issues and was actively prosecuted over two years and, in the absence of a settlement, would involve further lengthy proceedings with uncertain resolution of the complex factual and legal issues;

(e) Had Plaintiffs' Class Counsel not achieved the Settlement there would remain a significant risk that Lead Plaintiffs and the Class may have recovered less or nothing from the Defendants;

(f) Plaintiffs' Class Counsel have devoted over 2,768 hours, with a lodestar value of \$ 917,308.75, to achieve the Settlement; and


(g) The amount of attorneys' fees awarded and expenses reimbursed from the Settlement Fund are consistent with awards in similar cases.

17. Exclusive jurisdiction is hereby retained over the parties and the Class Members for all matters relating to this Action, including the administration, interpretation, effectuation or enforcement of the Stipulation and this Order and Final Judgment, and including any application for fees and expenses incurred in

connection with administering and distributing the settlement proceeds to the members of the Class.

18. Without further order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

Dated: Atlanta, Georgia
December 1, 2005.


The Honorable Clarence Cooper
UNITED STATES DISTRICT COURT JUDGE

Diary

FILED IN OPEN COURT
Aug. 5, 2003
Lester B. Thomas, Clerk
Dr. Kelly Springs
Deputy Clerk

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re iXL Enterprises, Inc.)
Securities Litigation) Case No. 1:00-CV-2347-CC
)

~~[PROPOSED]~~ FINAL JUDGMENT AND ORDER
OF DISMISSAL WITH PREJUDICE

This matter came before the Court for hearing pursuant to the Order of this Court, dated May 8, 2003, on the application of the parties for approval of the settlement set forth in the Stipulation of Settlement dated as of May 5, 2003 (the "Stipulation"). Due and adequate notice having been given to the Settlement Class as required in said Order, and the Court having considered all papers filed and proceedings had herein and otherwise being fully informed in the premises and good cause appearing therefore,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

1. This Judgment incorporates by reference the definitions in the Stipulation and all terms used herein shall have the same meanings as set forth in the Stipulation.

2. This Court has jurisdiction over the subject matter of the Litigation and over all parties to the Litigation, including all Settlement Class Members.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby approves the settlement set forth in the Stipulation and finds that the contributions to the Settlement Fund are fair and that said settlement is, in all respects, fair, just, reasonable, and adequate to the Settlement Class.

4. Except as to any individual claim of those Persons (identified in Exhibit 1 attached hereto) who have validly and timely requested exclusion from the Settlement Class, this Court hereby dismisses with prejudice and without costs (except as otherwise provided in the Stipulation) the Litigation against the Defendant.

5. The Court finds that the Stipulation and the settlement are fair, just, reasonable, and adequate as to each of the Settling Parties, and that the Stipulation and the settlement are hereby finally approved in all respects, and the Settling Parties are hereby directed to perform the terms of the Stipulation.

6. Upon the Effective Date hereof, the Lead Plaintiffs, Representative Plaintiffs, and each of the Settlement Class Members shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released,

relinquished, and discharged all Released Claims against the Released Persons, regardless of whether such Settlement Class Member executes and delivers a Proof of Claim and Release. Notwithstanding anything herein to the contrary, the Released Claims do not include and are not intended to release any claims against brokers for churning or suitability, if any such claims exist. Expressly excluded from this settlement and any release contained herein are any and all claims that have been asserted or could be asserted under the Securities Act of 1933, the Securities Act of 1934, or the United States Antitrust Laws, including the Sherman Act and the Clayton Act, or any other laws, for any conduct complained of in *In re iXL Enterprises, Inc. Initial Public Offering Securities Litigation*, 01 Civ. 9417 (SAS) as coordinated for pre-trial purposes in *Initial Public Offering Securities Litigation*, Master File 21 MC 92 (SAS), and/or *Initial Public Offering Antitrust Litigation*, 01 Civ. 2014 (WHP), all pending in the United States District Court for the Southern District of New York.

7. Upon the Effective Date hereof, each of the Released Persons shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished and discharged each and all of the Settlement Class Members and counsel to the Representative Plaintiffs from all claims (including

Unknown Claims), arising out of, in any way relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Litigation or the Released Claims.

8. “Settlement Class” means all Persons who purchased the common stock of iXL between November 30, 1999 and September 1, 2000, inclusive. Excluded from the Settlement Class are the Defendant, the Individuals, members of the immediate families of the Individuals, any entity in which the Defendant has or had a controlling interest, directors and officers of the Defendant and the legal representatives, heirs, successors, or assigns of any such excluded Person. Also excluded from the Settlement Class are those Persons who timely and validly requested exclusion from the Settlement Class pursuant to the “Notice of Pendency and Settlement of Class Action” sent to potential Settlement Class Members.

9. With respect to the Settlement Class, this Court finds and concludes that: (a) the Members of the Settlement Class are so numerous that joinder of all Settlement Class Members in the Litigation is impracticable; (b) there are questions of law and fact common to the Settlement Class which predominate over any individual questions; (c) the claims of the Representative Plaintiffs are typical

of the claims of the Settlement Class; (d) the Representative Plaintiffs and their counsel have fairly and adequately represented and protected the interests of all of the Settlement Class Members; and (e) a class action is superior to other available methods for the fair and efficient adjudication of the controversy, considering: (i) the interests of the Members of the Settlement Class in individually controlling the prosecution of the separate actions; (ii) the extent and nature of any litigation concerning the controversy already commenced by Members of the Settlement Class; (iii) the desirability or undesirability of continuing the litigation of these claims in this particular forum; and (iv) the difficulties likely to be encountered in the management of the class action.

10. The Notice of Pendency and Settlement of Class Action provided to the Settlement Class was the best notice practicable under the circumstances, including the individual notice to all Members of the Settlement Class who could be identified through reasonable effort. Said Notice provided the best notice practicable under the circumstances of those proceedings and of the matters set forth therein, including the proposed settlement set forth in the Stipulation, to all Persons entitled to such notice, and said Notice fully satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure and the requirements of due

process.

11. The Plan of Allocation as set forth in the Notice is approved as fair and reasonable, and Lead Plaintiffs' Counsel and the Claims Administrator are directed to administer the Stipulation in accordance with its terms and provisions. Lead Plaintiffs' Counsel are hereby awarded 30 % of the Settlement Amount in fees, which the Court finds to be fair and reasonable. Lead Plaintiffs' Counsel are also awarded \$ 177,884.13 in reimbursement of expenses. The attorneys' fees and expenses awarded shall be paid to Lead Plaintiffs' Counsel from the Settlement Fund with interest from the date such Settlement Fund was funded to the date of payment at the same net rate that the Settlement Fund earns. The award of attorneys' fees shall be allocated among Representative Plaintiffs' Counsel in a fashion which, in the sole discretion of Lead Plaintiffs' Counsel, fairly compensates Representative Plaintiffs' Counsel for their respective contributions in the prosecution of the Action.

12. Neither the Stipulation nor the settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity or lack thereof of any Released Claim, or

of any wrongdoing or liability of the Defendant or the Individuals; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of the Defendant or any of the Individuals in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Defendant or any of the Individuals may file the Stipulation and/or this Judgment in any other action that may be brought against it or them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

13. The Court finds that during the course of the Litigation, the Settling Parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11.

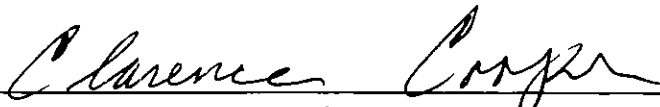
14. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over: (a) implementation of this settlement and any award or distribution of the Settlement Fund, including interest earned thereon; (b) disposition of the Settlement Fund; (c) hearing and determining applications for attorneys' fees, costs, interest, and expenses (including fees and costs of experts and/or consultants) in the Litigation; and (d) all parties hereto for

the purpose of construing, enforcing, and administering the Stipulation.

15. In the event that the settlement does not become effective in accordance with the terms of the Stipulation, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation and shall be vacated and, in such event, all orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Stipulation.


IT IS SO ORDERED.

DATED: 8/5/03



THE HONORABLE CLARENCE COOPER
UNITED STATES DISTRICT JUDGE

Submitted by:



MARTIN D. CHITWOOD
Georgia Bar No. 124950
ALAN R. PERRY, JR.
Georgia State Bar No. 572508
CHITWOOD & HARLEY, LLP
2300 Promenade II
1230 Peachtree Street, N.E.
Atlanta, Georgia 30309

ORIGINAL

3/22/04
FILED IN OPEN COURT
Matthew S. Thomas, Clerk
By: *[Signature]*
Deputy Clerk

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

IN RE MEDIRISK, INC.,
SECURITIES LITIGATION

)
) C.A. No. 1:98-CV-1922-CAP
)

ORDER AND FINAL JUDGMENT

On the 22nd day of March, 2004, a hearing having been held before this Court to determine: (1) whether the terms and conditions of the Stipulation and Agreement of Settlement dated December 17, 2003 (the "Stipulation") are fair, reasonable and adequate for the settlement of all claims asserted by the Class against the Defendants in the Complaint now pending in this Court under the above caption, including the release of the Defendants and the Released Parties, and should be approved; (2) whether judgment should be entered dismissing the Complaint on the merits and with prejudice in favor of the Defendants and as against all persons or entities who are members of the Class herein who have not requested exclusion therefrom; (3) whether to approve the Plan of Allocation as a fair and reasonable method to allocate the settlement proceeds among the members of the Class; and (4) whether and in what amount to award Plaintiffs' Counsel fees and reimbursement of expenses. The Court having considered all matters

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submitted to it at the hearing and otherwise; and it appearing that a notice of the hearing substantially in the form approved by the Court was mailed to (a) all persons or entities reasonably identifiable, who purchased or otherwise acquired the common stock of Medirisk, Inc. ("Medirisk") during the period from May 4, 1998 through and including June 30, 1998 (the "Class Period"); and (b) all persons or entities reasonably identifiable, who purchased or otherwise acquired Medirisk common stock issued in a secondary public offering pursuant to, or traceable to, a registration statement and prospectus that became effective on June 11, 1998, except those persons or entities excluded from the definition of the Class, as shown by the records of Medirisk's transfer agent, at the respective addresses set forth in such records, and that a summary notice of the hearing substantially in the form approved by the Court was published in the national edition of The Wall Street Journal pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the award of attorneys' fees and expenses requested; and all capitalized terms used herein having the meanings as set forth and defined in the Stipulation.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Court has jurisdiction over the subject matter of the Action, the Plaintiffs, all Class Members, and the Defendants.

2. The Court finds that the prerequisites for a class action under Rules 23 (a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in that:

(a) the number of Class Members is so numerous that joinder of all members thereof is impracticable; (b) there are questions of law and fact common to the Class; (c) the claims of the Class Representatives are typical of the claims of the Class they seek to represent; (d) the Class Representatives have and will fairly and adequately represent the interests of the Class; (e) the questions of law and fact common to the members of the Class predominate over any questions affecting only individual members of the Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure this Court hereby finally certifies this action as a class action on behalf of (a) all persons who purchased or otherwise acquired the common stock of Medirisk during the period from May 4, 1998 through and including June 30, 1998; and (b) all persons who purchased or otherwise acquired Medirisk common stock issued in a secondary public offering pursuant to, or traceable to, a registration statement and prospectus made effective on June 11, 1998. Excluded from the Class are the following: the

Individual Defendants, the Underwriter Defendants; members of the immediate family of each of the Individual Defendants; any subsidiary or affiliate of Medirisk and the directors, officers and employees of Medirisk or its subsidiaries or affiliates, or any entity in which any excluded person has a controlling interest; and, the legal representatives, heirs, successors and assigns of any excluded person and/or entity. Also excluded from the Class are the persons and/or entities who requested exclusion from the Class as listed on Exhibit A annexed hereto.

4. Notice of the Pendency of this Action as a class action and of the proposed Settlement was given to all Class Members who could be identified with reasonable effort. The form and method of notifying the Class of the Pendency of the action as a class action and of the terms and conditions of the proposed Settlement 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.

5. The Settlement is approved as fair, reasonable and adequate, and the Class Members and the parties are directed to consummate the Settlement in accordance with the terms and provisions of the Stipulation.

6. The Complaint is hereby dismissed with prejudice and without costs, except as provided in the Stipulation, as against the Defendants.

7. Members of the Class and the successors and assigns of any of them, are hereby permanently barred and enjoined from instituting, commencing or prosecuting, either directly or in any other capacity, any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and unknown claims, arising out of purchases or sales of Medirisk common stock during the Class Period which have been or could have been asserted by any member of the Class (the "Settled Claims") against any and all of the Defendants and Medirisk, their past or present subsidiaries, parents, successors and predecessors, officers, directors, shareholders, agents, employees,

attorneys, advisors, investment advisors, auditors, accountants, insurers and any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant or Medirisk has or had a controlling interest or which is or was related to or affiliated with any of the Defendants or Medirisk, and the legal representatives, heirs, successors in interest or assigns of the Defendants and Medirisk (the "Released Parties"). The Settled Claims are hereby compromised, settled, released, discharged and dismissed as against the Released Parties on the merits and with prejudice by virtue of the proceedings herein and this Order and Final Judgment.

8. The Defendants and the successors and assigns of any of them, are hereby permanently barred and enjoined from instituting, commencing or prosecuting, either directly or in any other capacity, any and all claims, rights or causes of action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known claims and unknown claims, that have been or could have been asserted in the Action or any forum by the Defendants or any of them or the successors and assigns of any of them against any of the Lead Plaintiffs, Class Members or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of the Action (the "Settled Defendants' Claims") against any of the

Plaintiffs, Class Members or their attorneys. The Settled Defendants' Claims are hereby compromised, settled, released, discharged and dismissed on the merits and with prejudice by virtue of the proceedings herein and this Order and Final Judgment.

9. Neither this Order and Final Judgment, the Stipulation, nor any of its terms and provisions, nor any of the negotiations or proceedings connected with it, nor any of the documents or statements referred to therein shall be:

(a) offered or received against the Defendants or against the Plaintiffs or the Class as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any of the Defendants or by any of the Plaintiffs or the Class with respect to the truth of any fact alleged by Plaintiffs or the validity of any claim that had been or could have been asserted in the Action or in any litigation, or the deficiency of any defense that has been or could have been asserted in the Action or in any litigation, or of any liability, negligence, fault, or wrongdoing of the Defendants;

(b) offered or received against the Defendants as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any

Defendant, or against the Plaintiffs and the Class as evidence of any infirmity in the claims of Plaintiffs and the Class;

(c) offered or received against the Defendants or against the Plaintiffs or the Class as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the parties to the Stipulation, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation; provided, however, that Defendants may refer to the Stipulation to effectuate the liability protection granted them thereunder;

(d) construed against the Defendants or the Plaintiffs and the Class as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; or

(e) construed as or received in evidence as an admission, concession or presumption against Plaintiffs or the Class or any of them that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement Fund.

10. The Plan of Allocation is approved as fair and reasonable, and Plaintiffs' Counsel and the Claims Administrator are directed to administer the Stipulation in accordance with its terms and provisions.

11. The Court finds that all parties and their counsel have complied with each requirement of Rule 11 of the Federal Rules of Civil Procedure as to all proceedings herein.

12. Plaintiffs' Counsel are hereby awarded 33 1/3 % of the Gross Settlement Fund in fees, which sum the Court finds to be fair and reasonable, and \$ 250,000.00 in reimbursement of expenses, which amounts shall be paid to Plaintiffs' Lead Counsel from the Settlement Fund with interest from the date such Settlement Fund was funded to the date of payment at the same net rate that the Settlement Fund earns. The award of attorneys' fees shall be allocated among Plaintiffs' Counsel in a fashion which, in the opinion of Plaintiffs' Lead Counsel, fairly compensates Plaintiffs' Counsel for their respective contributions in the prosecution of the Action.

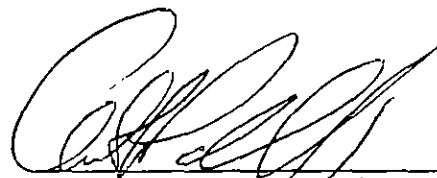
13. Exclusive jurisdiction is hereby retained over the parties and the Class Members for all matters relating to this Action, including the administration, interpretation, effectuation or enforcement of the Stipulation and this Order and Final Judgment, and including any application for fees and expenses incurred in

connection with administering and distributing the settlement proceeds to the members of the Class.

14. Without further order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

15. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk of the Court is expressly directed pursuant to Rule 54 (b) of the Federal Rules of Civil Procedure.

Dated: Atlanta, Georgia
27 March, 2004



The Honorable Charles A. Pannell, Jr.
Judge, United States District Court
Northern District of Georgia
Atlanta Division

FILED IN CLERK'S OFFICE
May 26, 2005
Luther D. Thomas, Clerk
By: *[Signature]*
Deputy Clerk

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

IN RE PROFIT RECOVERY GROUP INTERNATIONAL, INC. SECURITIES LITIGATION)))))	CIVIL ACTION FILE NO. 1:00-CV-1416-CC
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**FINAL JUDGMENT AND
ORDER OF DISMISSAL WITH PREJUDICE**

On the 26th day of May, 2005, a hearing having been held before this Court to determine: (1) whether the terms and conditions of the settlement set forth in the Stipulation of Settlement dated February 8, 2005 (the "Stipulation") are fair, reasonable, and adequate for the settlement of all claims asserted by the Class against the Defendants in the complaint now pending in this Court under the above caption, including the release of the Defendants and the Released Parties, and should be approved; (2) whether judgment should be entered dismissing the complaint on the merits and with prejudice in favor of the Defendants and as against all persons or entities who are members of the Class herein who have not requested exclusion therefrom; (3) whether to approve the Plan of Allocation as a fair and reasonable method to allocate the settlement proceeds among the members

of the Class; and (4) whether and in what amount to award Plaintiffs' Counsel fees and reimbursement of expenses. The Court having considered all matters submitted to it at the hearing and otherwise; and it appearing that a notice of the hearing substantially in the form approved by the Court was mailed to all persons or entities reasonably identifiable, who purchased the common stock of Profit Recovery Group International, Inc. ("Profit Recovery") between July 19, 1999 and July 26, 2000, inclusive (the "Class Period"), except those persons or entities excluded from the definition of the Class, as shown by the records of Profit Recovery's transfer agent, at the respective addresses set forth in such records, and that a summary notice of the hearing substantially in the form approved by the Court was published in the national edition of *Investor's Business Daily* pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the award of attorneys' fees and expenses requested; and all capitalized terms used herein having the meanings as set forth and defined in the Stipulation, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

1. This Judgment incorporates by reference the definitions in the Stipulation and all terms used herein shall have the same meanings as set forth in the Stipulation.

2. This Court has jurisdiction over the subject matter of the Litigation and over all parties to the Litigation, including all Class Members.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby approves the settlement set forth in the Stipulation and finds that the contributions to the Settlement Fund are fair and that said settlement is, in all respects, fair, reasonable, and adequate to the Class.

4. Except as to any individual claim of those Persons (identified in Exhibit A attached hereto) who have validly and timely requested exclusion from the Class, this Court hereby dismisses with prejudice and without costs (except as otherwise provided in the Stipulation) the Litigation against the Defendants.

5. The Court finds that the Stipulation and the settlement are fair, reasonable, and adequate as to each of the Settling Parties, and that the Stipulation and the settlement are hereby finally approved in all respects, and the Settling Parties are hereby directed to perform the terms of the Stipulation.

6. Upon the Effective Date hereof, the Lead Plaintiffs and each of the Class Members shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished, and discharged all claims (including, but not limited to, Unknown Claims), demands, losses, rights, and causes of action of any nature whatsoever, whether known or unknown, whether

suspected or unsuspected, whether concealed or hidden, whether accrued or unaccrued, by any Lead Plaintiff or Class Member against the Released Persons, whether under state or federal law, based upon or arising out of, or related to the purchase or sale of Profit Recovery common stock during the Class Period and any acts, facts, transactions, events, occurrences, disclosures, statements, omissions, or failures to act, at anytime during the Class Period, including without limitation those which were alleged in the Litigation, or those which could or might have been alleged in the Litigation based upon such acts, facts, transactions, events, occurrences, disclosures, statements, omissions, or failures to act alleged in the Litigation (the "Released Claims") against each and all of the Defendants and their respective past, present and future directors, officers, employees, partners, members, principals, agents, underwriters, insurers (including Federal Insurance Company and St. Paul Mercury Insurance Company), co-insurers, reinsurers, controlling shareholders, attorneys, law firms (including Alston & Bird LLP), accountants or auditors, banks or investment banks, associates, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities, any entity in which any Defendant has a controlling interest, any members of their immediate families, or any trust of which any Defendant is the settlor or which is for the benefit of any

Defendant and/or member(s) of his family (the "Released Persons"), regardless of whether such Class Member executes and delivers a Proof of Claim and Release.

7. Upon the Effective Date hereof, each of the Released Persons shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished and discharged each and all claims (including, but not limited to, Unknown Claims), demands, losses, rights, and causes of action of any nature whatsoever, whether known or unknown, whether suspected or unsuspected, whether concealed or hidden, whether accrued or unaccrued, that have been or could have been asserted in the Action or any forum by the Defendants or any of them or the successors and assigns of any of them against any of the Lead Plaintiffs, Class Members or Plaintiffs' Counsel, which arise out of or relate in any way to the institution, prosecution, assertion, settlement, or resolution of the Litigation (except for claims to enforce the Settlement) (the "Settled Defendants' Claims").

8. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby finally certifiers this action as a class action on behalf of all Persons who purchased the common stock of Profit Recovery between July 19, 1999 and July 26, 2000, inclusive. Excluded from the Class are Defendants, members of the immediate families of the Individual Defendants, any entities in which any

Defendant has a controlling interest or is a parent or subsidiary of or is controlled by the Company, and the legal representatives, heirs, successors, predecessors in interest, affiliates or assigns of any Defendant. Also excluded from the Class are those Persons who timely and validly request exclusion from the Class pursuant to the Notice of Pendency of Class Action and Proposed Settlement, Motion for Attorneys' Fees and Settlement Fairness Hearing (the "Notice") sent to potential Class Members, as listed on Exhibit A annexed hereto.

9. With respect to the Class, this Court, having previously found that this action meets the requirements of Rule 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure for certification as a class action, now finds again and finally confirms that the prerequisites for class action under Federal Rules of Civil Procedure 23(a) and 23(b)(3) have been satisfied in that: (a) the Members of the Class are so numerous that joinder of all Class Members in the Litigation is impracticable; (b) there are questions of law and fact common to the Class which predominate over any individual questions; (c) the claims of the Lead Plaintiffs are typical of the claims of the Class; (d) the Lead Plaintiffs and their counsel have fairly and adequately represented and protected the interests of all of the Class Members; (e) the questions of law and fact common to the members of the Class predominate over any questions affecting only individual members of the Class;

and (e) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

10. The notice provided to the Class was the best notice practicable under the circumstances, including the individual notice to all Members of the Class who could be identified through reasonable effort. The form and method of notifying the Class of the pendency of the action as a class action and of the terms and conditions of the proposed Settlement 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.

11. The Plan of Allocation as set forth in the Notice is approved as fair and reasonable, and Plaintiffs' Co-Lead Counsel and the Claims Administrator are directed to administer the Stipulation in accordance with its terms and provisions.

12. Plaintiffs' Co-Lead Counsel are hereby awarded 33 1/3 % of the Gross Settlement Fund in fees, which the Court finds to be fair and reasonable, and \$735,628.00 in reimbursement of expenses. The attorneys' fees and expenses awarded shall be paid to Plaintiffs' Co-Lead Counsel from the Settlement Fund

with interest from the date such Settlement Fund was funded to the date of payment at the same net rate that the Settlement Fund earns. The award of attorneys' fees shall be allocated among Plaintiffs' Counsel in a fashion which, in the sole discretion of Plaintiffs' Co-Lead Counsel, fairly compensates Plaintiffs' Counsel for their respective contributions in the prosecution of the Litigation.

13. In making this award of attorneys' fees and reimbursement of expenses to be paid from the Gross Settlement Fund, the Court has considered and found that:

(a) the settlement has created a fund of \$6.75 million in cash that is already on deposit, plus interest thereon, and that numerous Class Members who submit acceptable Proofs of Claim will benefit from the Settlement created by Plaintiffs' Counsel;

(b) Over 19,800 copies of the Notice were disseminated to putative Class Members indicating that Plaintiffs' Counsel were moving for attorneys' fees in the amount of up to 33-1/3% of the Gross Settlement Fund and for reimbursement of expenses in an amount of approximately \$700,000, two objections were filed against the terms of the proposed Settlement, and no objections were filed against the fees and expenses requested by Plaintiffs' Counsel contained in the Notice;

(c) Plaintiffs' Counsel have conducted the litigation and achieved the Settlement with skill, perseverance and diligent advocacy;

(d) The action involves complex factual and legal issues and was actively prosecuted over 4.5 years and, in the absence of a settlement, would involve further lengthy proceedings with uncertain resolution of the complex factual and legal issues;

(e) Had Plaintiffs' Counsel not achieved the Settlement there would remain a significant risk that Lead Plaintiffs and the Class may have recovered less or nothing from the Defendants;

(f) Plaintiffs' Counsel have devoted over 10,052 hours, with a lodestar value of \$3,800,045.40, to achieve the Settlement; and

(g) The amount of attorneys' fees awarded and expenses reimbursed from the Settlement Fund are consistent with awards in similar cases.

14. Neither the Stipulation nor the settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity or lack thereof of any Released Claim, or of any wrongdoing or liability of Profit Recovery or the Individual Defendants; or (b) is or may be deemed to be or may be used as an admission of, or evidence of,

any fault or omission of Profit Recovery or any of the Individual Defendants in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Profit Recovery or any of the Individual Defendants may file the Stipulation and/or this Judgment in any other action that may be brought against it or them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

15. The Court finds that during the course of the Litigation, the Settling Parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11.

16. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over: (a) implementation of this settlement and any award or distribution of the Settlement Fund, including interest earned thereon; (b) disposition of the Settlement Fund; (c) hearing and determining applications for attorneys' fees, costs, interest, and expenses (including fees and costs of experts and/or consultants) in the Litigation; and (d) all parties hereto for the purpose of construing, enforcing, and administering the Stipulation.

17. In the event that the settlement does not become effective in accordance with the terms of the Stipulation, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation and shall be vacated and, in such event, all orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Stipulation.

18. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk of the Court is expressly directed pursuant to Rule 54 (b) of the Federal Rules of Civil Procedure.

IT IS SO ORDERED.

DATED: May 26, 2005


THE HONORABLE CLARENCE COOPER
UNITED STATES DISTRICT JUDGE

EXHIBIT A
Requests for Exclusion

1. Mark Arena
2. Richard K. Hose

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

IN RE THERAGENICS CORP.)	
SECURITIES LITIGATION)	Civil Action No.
)	1:99-CV-0141 (TWT)
)	

ORDER AND FINAL JUDGMENT

This matter is before the Court on the Parties' proposed class action settlement. The proposed settlement encompasses the following cases pending before the Court:

MCV Sales Inc. Profit Sharing Plan & Trust Dtd. 6/16/75 v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0141 (TWT);

Sidney Fielden v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0175 (TWT);

Daniel Kursman v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0201 (TWT);

Bruce B. Bernstein v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0205 (TWT);

Geraldine Byers v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0253 (TWT);

Howard B. Marks v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0271 (TWT);

Alexander T. Kowalski v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0354 (TWT);

Sara Cheeseman v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0407 (TWT);

Jerry L. Jensen v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0425 (TWT);

Joseph S. Butler v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0443 (TWT); and

Robert L. Thomas, Jr. v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0488 (TWT).

The above actions have been consolidated for all purposes under the caption In re Theragenics Corp. Securities Litigation, Civil Action No. 1:99-CV-141 (TWT) (the “Action”).

The Parties have submitted a Stipulation and Agreement of Settlement dated July 27, 2004 (the “Stipulation”) that, together with the exhibits accompanying the Stipulation, sets forth the terms and conditions for settlement and dismissal of the Action with prejudice. Having read and considered the Stipulation (the defined terms of which are incorporated herein) and the exhibits annexed thereto and having conducted a hearing on September 29, 2004 to determine: whether the terms and conditions of the Stipulation are fair, reasonable, and adequate for the settlement of all claims asserted by the Class against the Defendants in the Action, including the release of the Defendants and the Released Parties, and should be approved; whether judgment should be entered dismissing the Action on the merits and with prejudice in favor of the Defendants and as against all persons or entities who are Class Members who have not requested exclusion

therefrom; whether to approve the Plan of Allocation as a fair and reasonable method to allocate the settlement proceeds among the Class Members; and whether and in what amount to award Plaintiffs' Counsel fees and reimbursement of expenses.

The Court having considered all matters submitted to it at the hearing and otherwise; and it appearing that a notice of the hearing substantially in the form approved by the Court was mailed to all persons or entities reasonably identifiable, who purchased the common stock of Theragenics Corporation ("Theragenics") during the period between January 29, 1998 and January 11, 1999, inclusive (the "Class Period"), except those persons or entities excluded from the definition of the Class, as shown by the records of Theragenics' transfer agent, at the respective addresses set forth in such records, and that a summary notice of the hearing substantially in the form approved by the Court was published in the national edition of The Wall Street Journal pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the award of attorneys' fees and expenses requested; and all capitalized terms used herein having the meanings as set forth and defined in the Stipulation, it is ORDERED and ADJUDGED as follows:

1. The Court has jurisdiction over the subject matter of the Action,

the Lead Plaintiffs, all Class Members, and the Defendants.

2. The Court finds that the prerequisites for a class action under Federal Rules of Civil Procedure 23 (a) and (b)(3) have been satisfied in that: the number of Class Members is so numerous that joinder of all members thereof is impracticable; there are questions of law and fact common to the Class; the claims of the Class Representatives are typical of the claims of the Class they seek to represent; the Class Representatives have and will fairly and adequately represent the interests of the Class; the questions of law and fact common to the members of the Class predominate over any questions affecting only individual members of the Class; and a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure this Court hereby finally certifies this action as a class action on behalf of all persons who purchased the common stock of Theragenics Corporation during the period between January 29, 1998 and January 11, 1999, inclusive, and who were damaged thereby. Excluded from the Class are the Defendants, the officers and directors of Theragenics at all relevant times, members of the immediate families, and the legal representatives, heirs, successors or assigns of Defendants and the officers and directors of

Theragenics and any entity in which Defendants have or had a controlling interest.

4. Notice of the pendency of this Action as a class action and of the proposed Settlement was given to all Class Members who could be identified with reasonable effort. The form and method of notifying the Class of the pendency of the action as a class action and of the terms and conditions of the proposed Settlement 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 (“PSLRA”), 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.

5. The Action, which the Court finds was filed on a good faith basis in accordance with the PSLRA and Rule 11 of the Federal Rules of Civil Procedure, is hereby dismissed with prejudice and without costs, except as provided in the Stipulation, as against any and all of the Defendants.

6. As used in this Order and Final Judgment, the terms “Settled Claims,” “Released Parties,” and “Settled Defendants’ Claims” shall have

the meanings specified below:

(a) “Released Parties” means any and all of the Defendants, their employees, partners, members, principals, agents, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, banks or investment banks, underwriters, associates (as defined by SEC Rule 12b-2), personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities, any entity in which a Defendant has a controlling interest, any member of their immediate families, or any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his family; and shall include any individual, group, or entity who directly or indirectly participated in the dissemination of information about Theragenics or who directly or indirectly is responsible for any of the damages alleged in the SAC, CAC or in any of the complaints filed in the Action.

(b) “Settled Claims” means collectively any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law

or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and Unknown Claims (as defined below), that have been asserted in the Action by the Class Members or any of them against any of the Released Parties, or that could have been asserted in any forum by the Class Members or any of them against any of the Released Parties and 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 Complaint and relate to the purchase of shares of the common stock of Theragenics during the Class Period.

(c) “Settled Defendants’ Claims” means any and all claims, rights or causes of action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known claims and Unknown Claims, that have been or could have been asserted in the Action or any forum by the Defendants or any of them or the successors and assigns of any of them against any of the Lead Plaintiffs, Class Members or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of the Action (except for claims to enforce the Settlement).

(d) “Unknown Claims” means any and all Settled Claims which any Lead Plaintiff or Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and any Settled Defendants’ Claims which any Defendant does not know or suspect to exist in his, her or its favor, 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 Settled Claims and Settled Defendants’ Claims, the parties stipulate and agree that upon the Effective Date, the Lead Plaintiffs and the Defendants shall expressly waive, and each Class Member shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, 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 favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Lead Plaintiffs and Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Settled Claims and Settled

Defendants' Claims was separately bargained for and was a key element of the Settlement.

7. Upon the Effective Date hereof, Lead Plaintiffs shall, and each of the Class Members shall be deemed to have, and by operation of law shall have, on behalf of themselves and the successors and assigns of any of them, fully, finally, and forever released, relinquished, and discharged all Settled Claims, whether or not such Class Member executed and delivers the Proof of Claim and Release.

8. Upon the Effective Date hereof, each of the Defendants shall be deemed to have, and by operation of this Judgment shall have fully, finally and forever released, relinquished and discharged all Settled Defendants' Claims.

9. Lead Plaintiffs, each Class Member, and the successors and assigns of any of them are barred and enjoined forever from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting against any of the Released Parties, and each of them, any of the Released Claims.

10. Pursuant to the PSLRA, the Released Parties are hereby discharged from all claims for contribution by any person or entity, whether

arising under state, federal or common law, based upon, arising out of, relating to, or in connection with the Settled Claims. Accordingly, to the full extent provided by the PSLRA, the Court hereby bars all claims for contribution: (a) against the Released Parties; and (b) by the Released Parties, against any person or entity other than any person or entity whose liability to the Class has been extinguished pursuant to the Stipulation and this Order and Final Judgment.

11. Neither this Order and Final Judgment, the Stipulation, nor any of its terms and provisions, nor any of the negotiations or proceedings connected with it, nor any of the documents or statements referred to therein shall be:

(a) offered or received against the Defendants as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any of the Defendants with respect to the truth of any fact alleged by any of the plaintiffs or the validity of any claim that has been or could have been asserted in the Action or in any litigation, or the deficiency of any defense that has been or could have been asserted in the Action or in any litigation, or of any liability, negligence, fault, or wrongdoing of the Defendants;

(b) offered or received against the Defendants as evidence of

a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant;

(c) offered or received against the Defendants as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the Defendants, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that if this Stipulation is approved by the Court, Defendants may refer to it to effectuate the liability protection granted them hereunder;

(d) construed against the Defendants as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; or

(e) construed as or received in evidence as an admission, concession or presumption against Lead Plaintiffs or any of the Class Members that any of their claims are without merit, or that any defenses asserted by the Defendants have any merit, or that damages recoverable under the Complaint would not have exceeded the Settlement Fund.

12. The Plan of Allocation is approved as fair and reasonable, and

Plaintiffs' Counsel and the Claims Administrator are directed to administer the Stipulation in accordance with its terms and provisions.

13. The Court finds that all parties and their counsel have complied with each requirement of Rule 11 of the Federal Rules of Civil Procedure as to all proceedings herein.

14. Plaintiffs' Counsel are hereby awarded 33 1/3% of the Settlement Fund in fees, which sum the Court finds to be fair and reasonable, and \$477,336.51 in reimbursement of expenses, which expenses shall be paid to Plaintiffs' Co-Lead Counsel from the Settlement Fund with interest from the date such Settlement Fund was funded to the date of payment at the same net rate that the Settlement Fund earns. The award of attorneys' fees shall be allocated among Plaintiffs' Counsel in a fashion which, in the opinion of Plaintiffs' Co-Lead Counsel, fairly compensates Plaintiffs' Counsel for their respective contributions in the prosecution of the Action.

15. In making this award of attorneys' fees and reimbursement of expenses to be paid from the Gross Settlement Fund, the Court has considered and found that:

(a) the settlement has created a fund of \$10 million in cash that is already on deposit, plus interest thereon and that numerous Class

Members who submit acceptable Proofs of Claim will benefit from the Settlement created by Plaintiffs' Counsel;

(b) Over 30,000 copies of the Notice were disseminated to putative Class Members indicating that Plaintiffs' Counsel were moving for attorneys' fees in the amount of not greater than one-third (33 1/3%) of the Settlement Fund and for reimbursement of expenses in an amount not to exceed \$600,000, and no objections were filed against the terms of the proposed Settlement or the ceiling on the fees and expenses requested by Plaintiffs' Counsel contained in the Notice;

(c) Plaintiffs' Counsel have conducted the litigation and achieved the Settlement with skill, perseverance and diligent advocacy;

(d) The Action involves complex factual and legal issues and was actively prosecuted over five years and, in the absence of a settlement, would involve further lengthy proceedings with uncertain resolution of the complex factual and legal issues;

(e) Had Plaintiffs' Counsel not achieved the Settlement there would remain a significant risk that Lead Plaintiffs and the Class may have recovered less or nothing from the Defendants;

(f) Plaintiffs' Counsel have devoted over 9,250 hours, with a lodestar value of \$3,052,255.25, to achieve the Settlement; and

(g) The amount of attorneys' fees awarded and expenses reimbursed from the Settlement Fund are consistent with awards in similar cases.

16. Exclusive jurisdiction is hereby retained over the parties and the Class Members for all matters relating to this Action, including the administration, interpretation, effectuation or enforcement of the Stipulation and this Order and Final Judgment, and including any application for fees and expenses incurred in connection with administering and distributing the settlement proceeds to the members of the Class.

17. Without further order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

18. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk of the Court is expressly directed pursuant to Rule 54 (b) of the Federal Rules of Civil Procedure.

So ordered this 29th day of September, 2004.

/s/Thomas W. Thrash
Thomas W. Thrash, Jr.
United States District Court Judge

Jerry L. Jensen v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0425 (TWT);

Joseph S. Butler v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0443 (TWT); and

Robert L. Thomas, Jr. v. Theragenics Corp., et al., Civil Action No. 1:99-CV-0488 (TWT).

The above actions have been consolidated for all purposes under the caption In re Theragenics Corp. Securities Litigation, Civil Action No. 1:99-CV-141 (TWT) (the “Action”).

The Parties have submitted a Stipulation and Agreement of Settlement dated July 27, 2004 (the “Stipulation”) that, together with the exhibits accompanying the Stipulation, sets forth the terms and conditions for settlement and dismissal of the Action with prejudice. Having read and considered the Stipulation (the defined terms of which are incorporated herein) and the exhibits annexed thereto and having conducted a hearing on September 29, 2004 to determine: whether the terms and conditions of the Stipulation are fair, reasonable, and adequate for the settlement of all claims asserted by the Class against the Defendants in the Action, including the release of the Defendants and the Released Parties, and should be approved; whether judgment should be entered dismissing the Action on the merits and with prejudice in favor of the Defendants and as against all persons or entities who are Class Members who have not requested exclusion

therefrom; whether to approve the Plan of Allocation as a fair and reasonable method to allocate the settlement proceeds among the Class Members; and whether and in what amount to award Plaintiffs' Counsel fees and reimbursement of expenses.

The Court having considered all matters submitted to it at the hearing and otherwise; and it appearing that a notice of the hearing substantially in the form approved by the Court was mailed to all persons or entities reasonably identifiable, who purchased the common stock of Theragenics Corporation ("Theragenics") during the period between January 29, 1998 and January 11, 1999, inclusive (the "Class Period"), except those persons or entities excluded from the definition of the Class, as shown by the records of Theragenics' transfer agent, at the respective addresses set forth in such records, and that a summary notice of the hearing substantially in the form approved by the Court was published in the national edition of The Wall Street Journal pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the award of attorneys' fees and expenses requested; and all capitalized terms used herein having the meanings as set forth and defined in the Stipulation, it is ORDERED and ADJUDGED as follows:

1. The Court has jurisdiction over the subject matter of the Action,

the Lead Plaintiffs, all Class Members, and the Defendants.

2. The Court finds that the prerequisites for a class action under Federal Rules of Civil Procedure 23 (a) and (b)(3) have been satisfied in that: the number of Class Members is so numerous that joinder of all members thereof is impracticable; there are questions of law and fact common to the Class; the claims of the Class Representatives are typical of the claims of the Class they seek to represent; the Class Representatives have and will fairly and adequately represent the interests of the Class; the questions of law and fact common to the members of the Class predominate over any questions affecting only individual members of the Class; and a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure this Court hereby finally certifies this action as a class action on behalf of all persons who purchased the common stock of Theragenics Corporation during the period between January 29, 1998 and January 11, 1999, inclusive, and who were damaged thereby. Excluded from the Class are the Defendants, the officers and directors of Theragenics at all relevant times, members of the immediate families, and the legal representatives, heirs, successors or assigns of Defendants and the officers and directors of

Theragenics and any entity in which Defendants have or had a controlling interest.

4. Notice of the pendency of this Action as a class action and of the proposed Settlement was given to all Class Members who could be identified with reasonable effort. The form and method of notifying the Class of the pendency of the action as a class action and of the terms and conditions of the proposed Settlement 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 (“PSLRA”), 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.

5. The Action, which the Court finds was filed on a good faith basis in accordance with the PSLRA and Rule 11 of the Federal Rules of Civil Procedure, is hereby dismissed with prejudice and without costs, except as provided in the Stipulation, as against any and all of the Defendants.

6. As used in this Order and Final Judgment, the terms “Settled Claims,” “Released Parties,” and “Settled Defendants’ Claims” shall have

the meanings specified below:

(a) “Released Parties” means any and all of the Defendants, their employees, partners, members, principals, agents, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, banks or investment banks, underwriters, associates (as defined by SEC Rule 12b-2), personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities, any entity in which a Defendant has a controlling interest, any member of their immediate families, or any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his family; and shall include any individual, group, or entity who directly or indirectly participated in the dissemination of information about Theragenics or who directly or indirectly is responsible for any of the damages alleged in the SAC, CAC or in any of the complaints filed in the Action.

(b) “Settled Claims” means collectively any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law

or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and Unknown Claims (as defined below), that have been asserted in the Action by the Class Members or any of them against any of the Released Parties, or that could have been asserted in any forum by the Class Members or any of them against any of the Released Parties and 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 Complaint and relate to the purchase of shares of the common stock of Theragenics during the Class Period.

(c) “Settled Defendants’ Claims” means any and all claims, rights or causes of action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known claims and Unknown Claims, that have been or could have been asserted in the Action or any forum by the Defendants or any of them or the successors and assigns of any of them against any of the Lead Plaintiffs, Class Members or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of the Action (except for claims to enforce the Settlement).

(d) “Unknown Claims” means any and all Settled Claims which any Lead Plaintiff or Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and any Settled Defendants’ Claims which any Defendant does not know or suspect to exist in his, her or its favor, 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 Settled Claims and Settled Defendants’ Claims, the parties stipulate and agree that upon the Effective Date, the Lead Plaintiffs and the Defendants shall expressly waive, and each Class Member shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, 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 favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Lead Plaintiffs and Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Settled Claims and Settled

Defendants' Claims was separately bargained for and was a key element of the Settlement.

7. Upon the Effective Date hereof, Lead Plaintiffs shall, and each of the Class Members shall be deemed to have, and by operation of law shall have, on behalf of themselves and the successors and assigns of any of them, fully, finally, and forever released, relinquished, and discharged all Settled Claims, whether or not such Class Member executed and delivers the Proof of Claim and Release.

8. Upon the Effective Date hereof, each of the Defendants shall be deemed to have, and by operation of this Judgment shall have fully, finally and forever released, relinquished and discharged all Settled Defendants' Claims.

9. Lead Plaintiffs, each Class Member, and the successors and assigns of any of them are barred and enjoined forever from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting against any of the Released Parties, and each of them, any of the Released Claims.

10. Pursuant to the PSLRA, the Released Parties are hereby discharged from all claims for contribution by any person or entity, whether

arising under state, federal or common law, based upon, arising out of, relating to, or in connection with the Settled Claims. Accordingly, to the full extent provided by the PSLRA, the Court hereby bars all claims for contribution: (a) against the Released Parties; and (b) by the Released Parties, against any person or entity other than any person or entity whose liability to the Class has been extinguished pursuant to the Stipulation and this Order and Final Judgment.

11. Neither this Order and Final Judgment, the Stipulation, nor any of its terms and provisions, nor any of the negotiations or proceedings connected with it, nor any of the documents or statements referred to therein shall be:

(a) offered or received against the Defendants as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any of the Defendants with respect to the truth of any fact alleged by any of the plaintiffs or the validity of any claim that has been or could have been asserted in the Action or in any litigation, or the deficiency of any defense that has been or could have been asserted in the Action or in any litigation, or of any liability, negligence, fault, or wrongdoing of the Defendants;

(b) offered or received against the Defendants as evidence of

a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant;

(c) offered or received against the Defendants as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the Defendants, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that if this Stipulation is approved by the Court, Defendants may refer to it to effectuate the liability protection granted them hereunder;

(d) construed against the Defendants as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; or

(e) construed as or received in evidence as an admission, concession or presumption against Lead Plaintiffs or any of the Class Members that any of their claims are without merit, or that any defenses asserted by the Defendants have any merit, or that damages recoverable under the Complaint would not have exceeded the Settlement Fund.

12. The Plan of Allocation is approved as fair and reasonable, and

Plaintiffs' Counsel and the Claims Administrator are directed to administer the Stipulation in accordance with its terms and provisions.

13. The Court finds that all parties and their counsel have complied with each requirement of Rule 11 of the Federal Rules of Civil Procedure as to all proceedings herein.

14. Plaintiffs' Counsel are hereby awarded 33 1/3% of the Settlement Fund in fees, which sum the Court finds to be fair and reasonable, and \$477,336.51 in reimbursement of expenses, which expenses shall be paid to Plaintiffs' Co-Lead Counsel from the Settlement Fund with interest from the date such Settlement Fund was funded to the date of payment at the same net rate that the Settlement Fund earns. The award of attorneys' fees shall be allocated among Plaintiffs' Counsel in a fashion which, in the opinion of Plaintiffs' Co-Lead Counsel, fairly compensates Plaintiffs' Counsel for their respective contributions in the prosecution of the Action.

15. In making this award of attorneys' fees and reimbursement of expenses to be paid from the Gross Settlement Fund, the Court has considered and found that:

(a) the settlement has created a fund of \$10 million in cash that is already on deposit, plus interest thereon and that numerous Class

Members who submit acceptable Proofs of Claim will benefit from the Settlement created by Plaintiffs' Counsel;

(b) Over 30,000 copies of the Notice were disseminated to putative Class Members indicating that Plaintiffs' Counsel were moving for attorneys' fees in the amount of not greater than one-third (33 1/3%) of the Settlement Fund and for reimbursement of expenses in an amount not to exceed \$600,000, and no objections were filed against the terms of the proposed Settlement or the ceiling on the fees and expenses requested by Plaintiffs' Counsel contained in the Notice;

(c) Plaintiffs' Counsel have conducted the litigation and achieved the Settlement with skill, perseverance and diligent advocacy;

(d) The Action involves complex factual and legal issues and was actively prosecuted over five years and, in the absence of a settlement, would involve further lengthy proceedings with uncertain resolution of the complex factual and legal issues;

(e) Had Plaintiffs' Counsel not achieved the Settlement there would remain a significant risk that Lead Plaintiffs and the Class may have recovered less or nothing from the Defendants;

(f) Plaintiffs' Counsel have devoted over 9,250 hours, with a lodestar value of \$3,052,255.25, to achieve the Settlement; and

(g) The amount of attorneys' fees awarded and expenses reimbursed from the Settlement Fund are consistent with awards in similar cases.

16. Exclusive jurisdiction is hereby retained over the parties and the Class Members for all matters relating to this Action, including the administration, interpretation, effectuation or enforcement of the Stipulation and this Order and Final Judgment, and including any application for fees and expenses incurred in connection with administering and distributing the settlement proceeds to the members of the Class.

17. Without further order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

18. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk of the Court is expressly directed pursuant to Rule 54 (b) of the Federal Rules of Civil Procedure.

So ordered this 29th day of September, 2004.

/s/Thomas W. Thrash
Thomas W. Thrash, Jr.
United States District Court Judge