

Recent Trends in Shareholder Class Actions

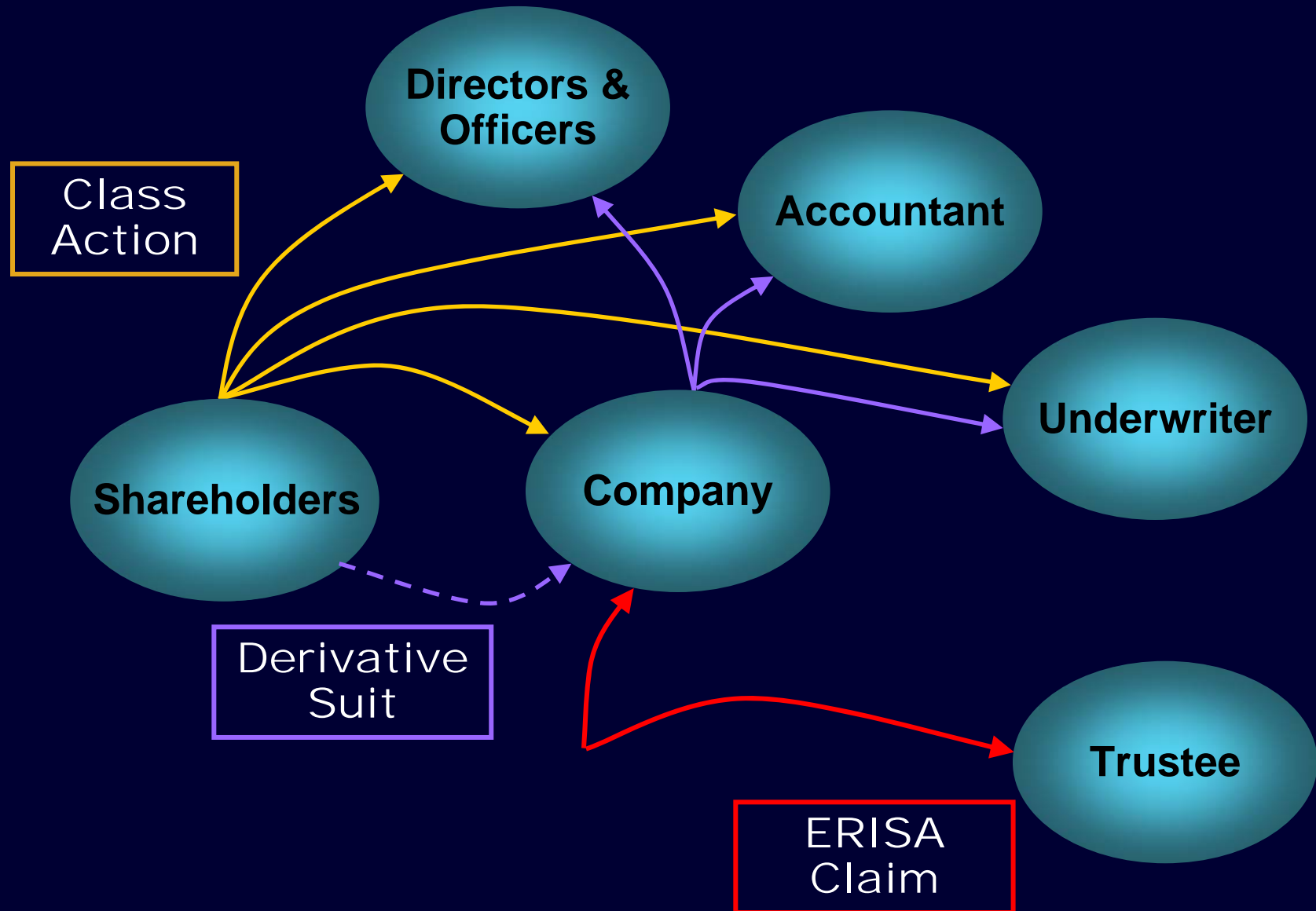


Data Through March 31, 2008

Stephanie Plancich, Ph.D
Senior Consultant

CAS Spring Meeting, Quebec City
June 17, 2008

Types of Shareholder Securities Litigation



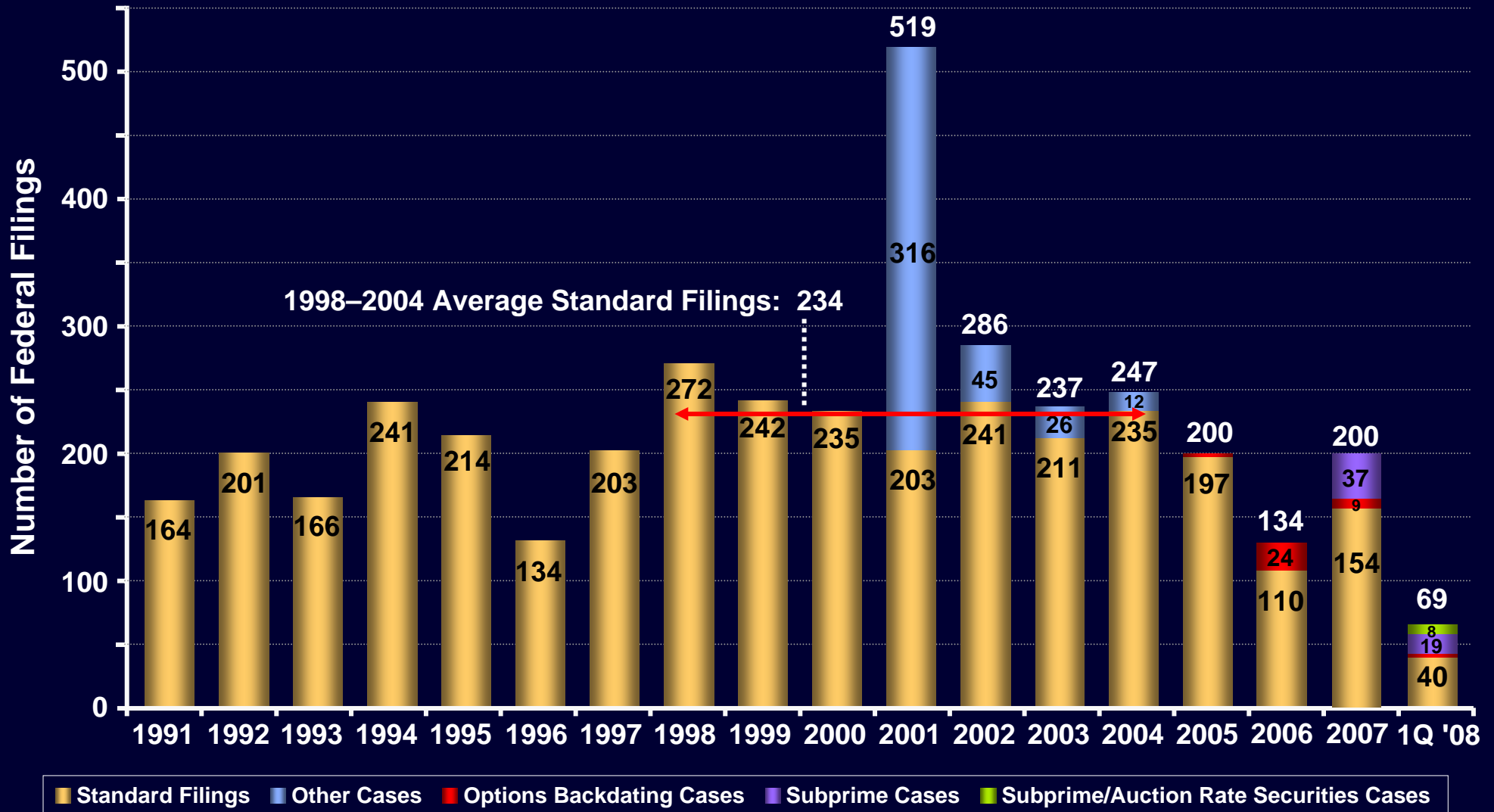
1.74	-0.1	37.75	14.01	Alpari	210	129	19.85	19.60	19.61	
12.45	-1.4	14.70	7.01	Nestle	110	189	13.56	13.21	13.51	
1.10	-1.10	51.09	27.50	Noblar	116	16	456	37.25	37.00	
2.54	-1.80	54.00	20.80	NobleTr	201969	39.15	37.46	38.97	+0.01	
2.91	-1.15	14.08	4.00	NobleInt	321	16	85	14.05	13.75	14.00
14.25	-0.89	35.50	12.70	NokiaCp	250	21	22.21	21.69	22.09	
17.34	-0.53	15.00	8.91	Nomura n	108	14.45	14.20	14.30	-0.52	

Trends in Filings

Federal Filings



January 1, 1991–March 31, 2008

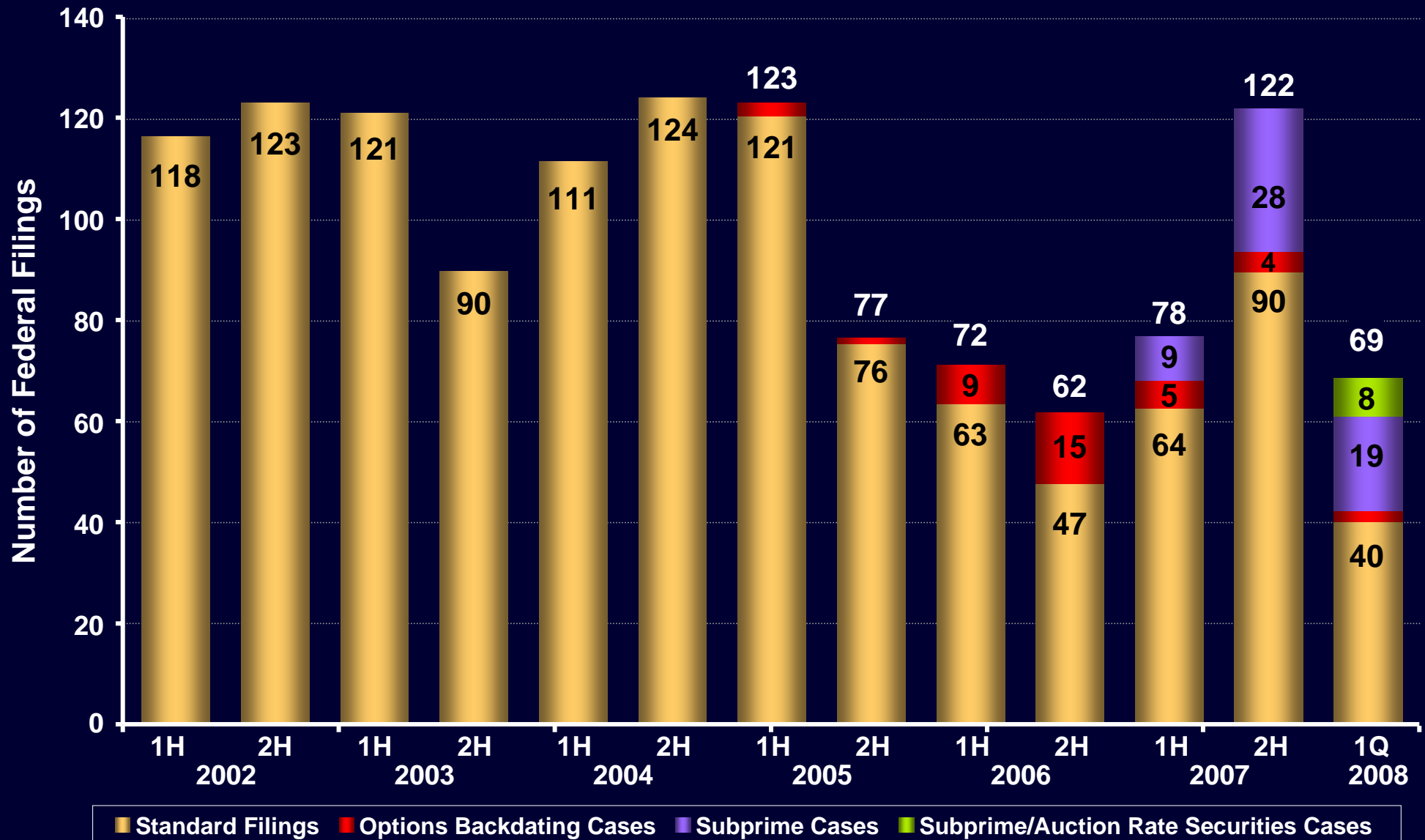


Notes: Other Cases include IPO laddering, analyst and mutual fund market timing cases.

Standard, Options Backdating, Subprime and Subprime/Auction Rate Securities Federal Filings: Six Month Intervals



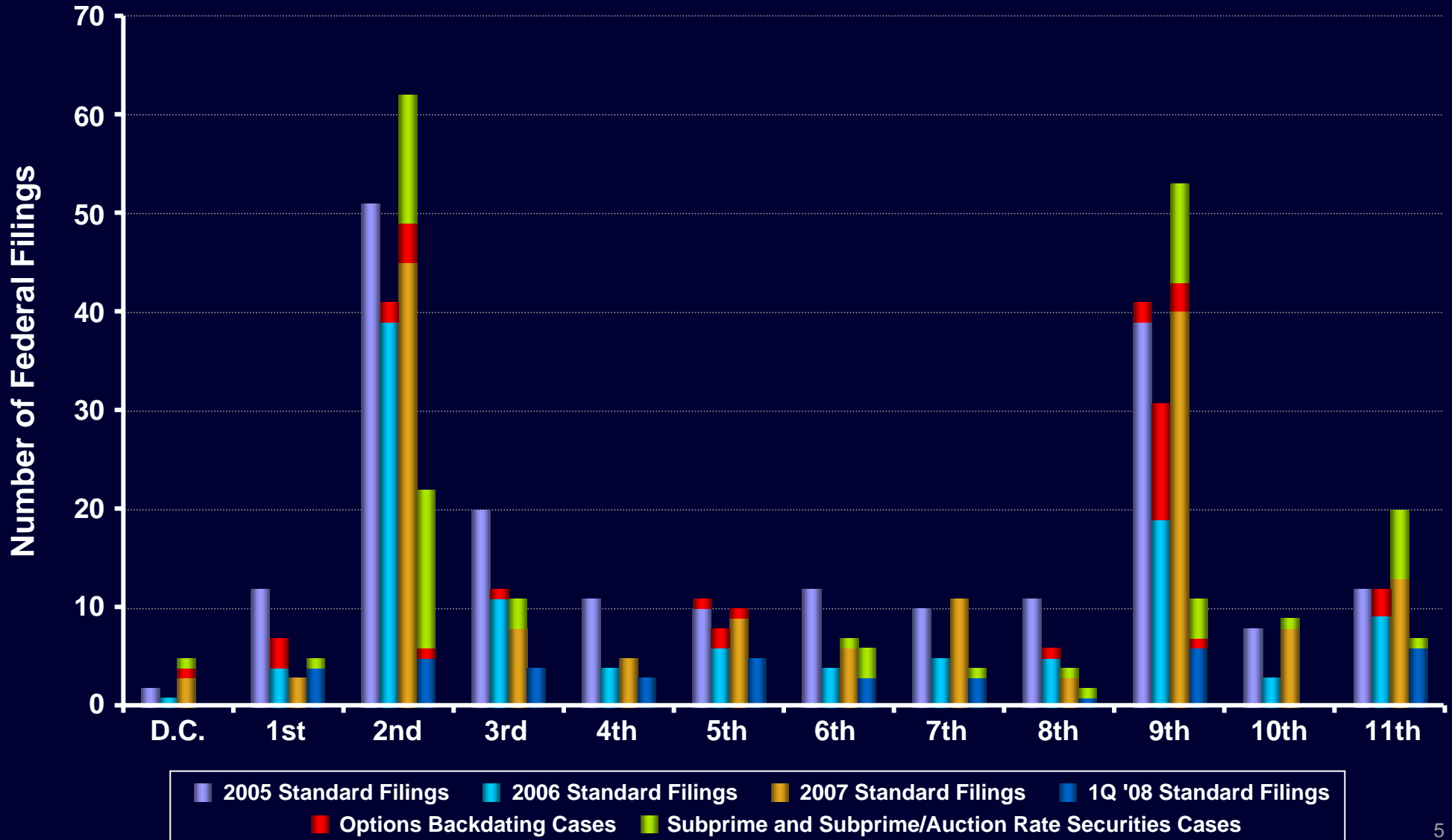
January 1, 2002–March 31, 2008



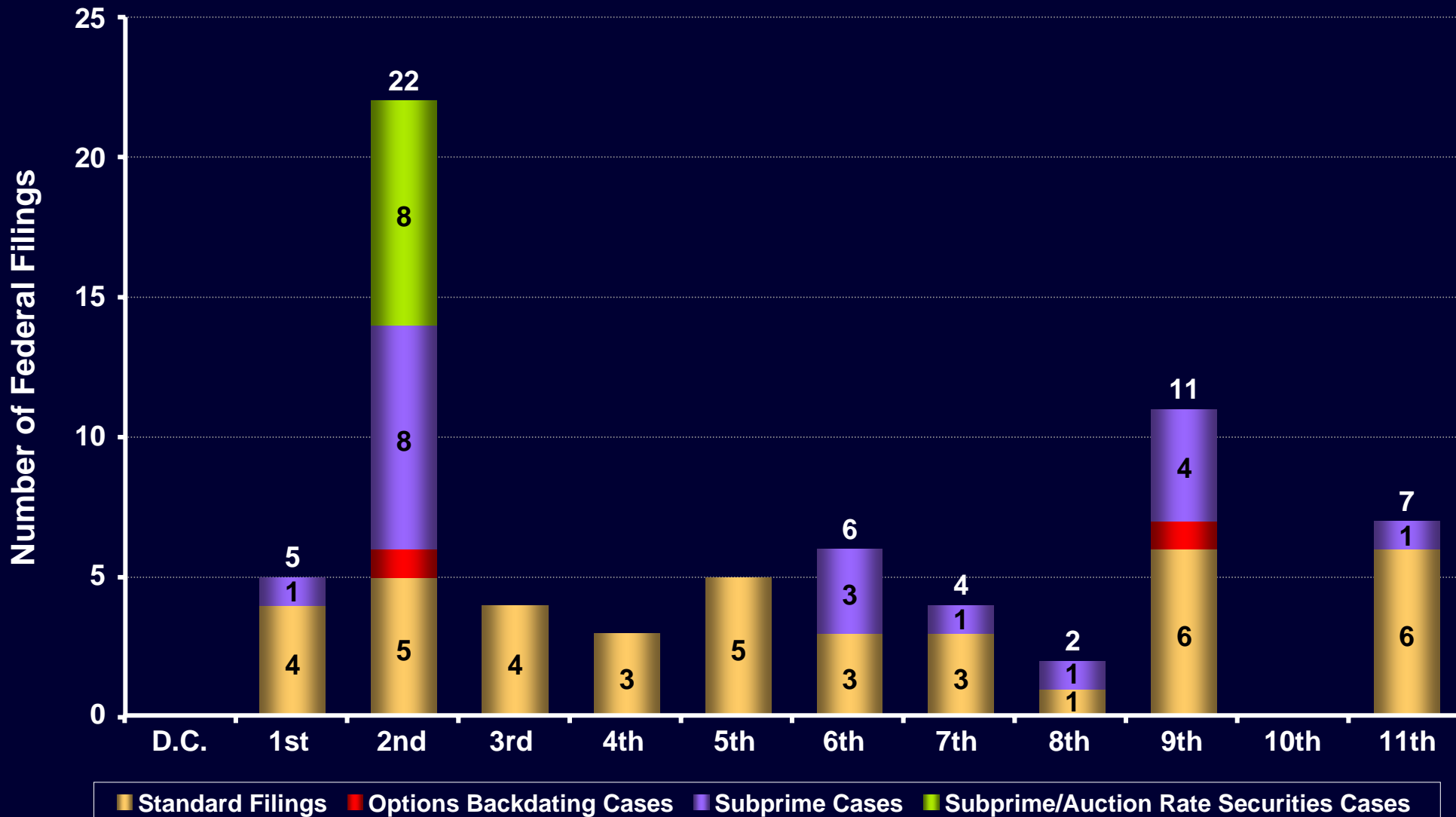
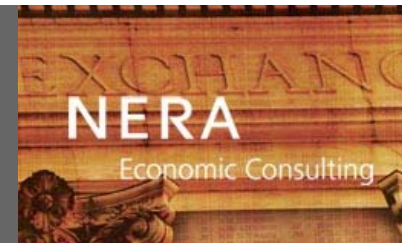
Federal Filings By Circuit



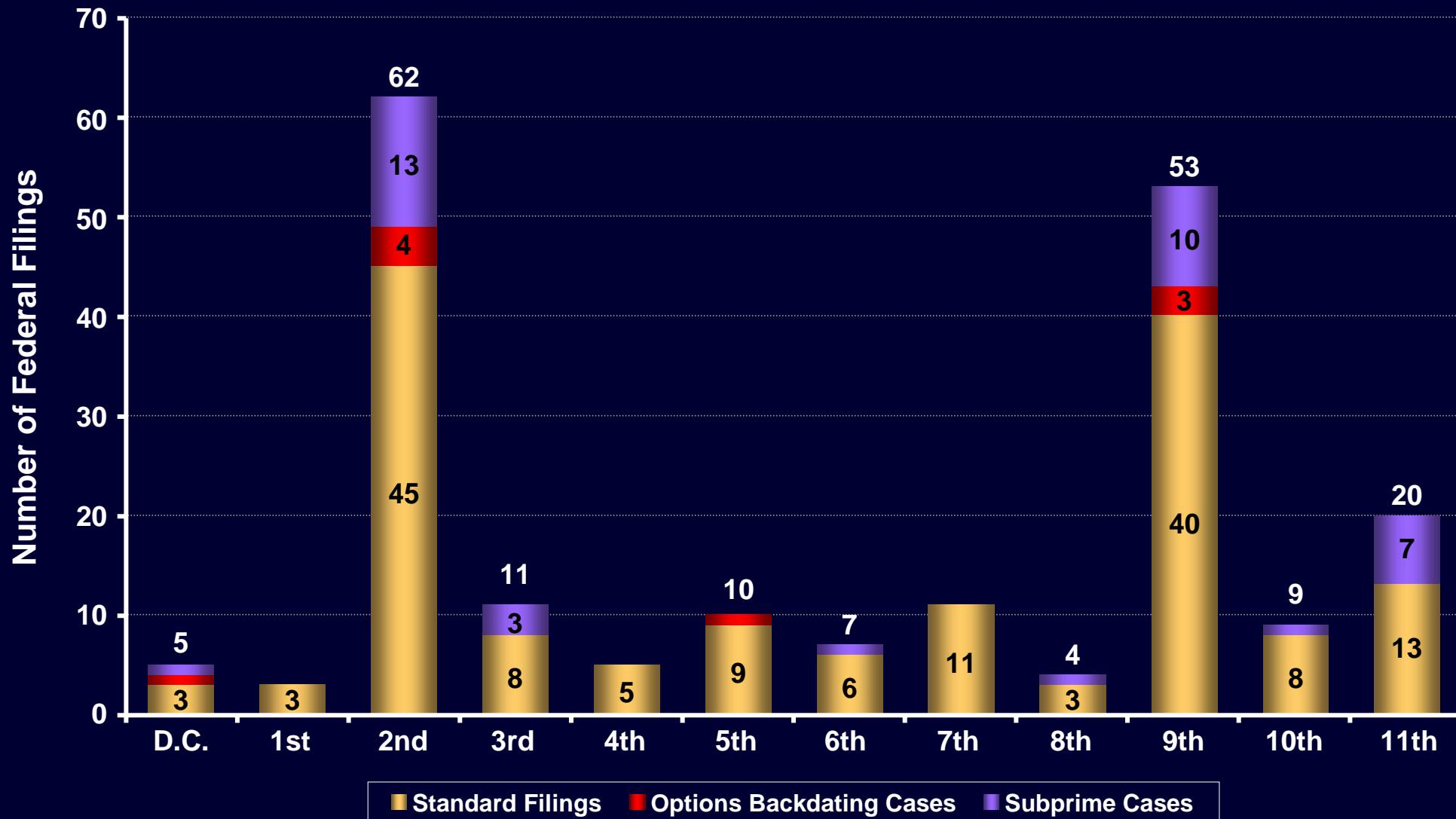
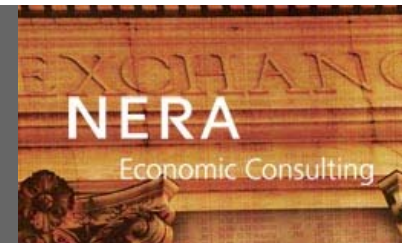
January 1, 2005–March 31, 2008



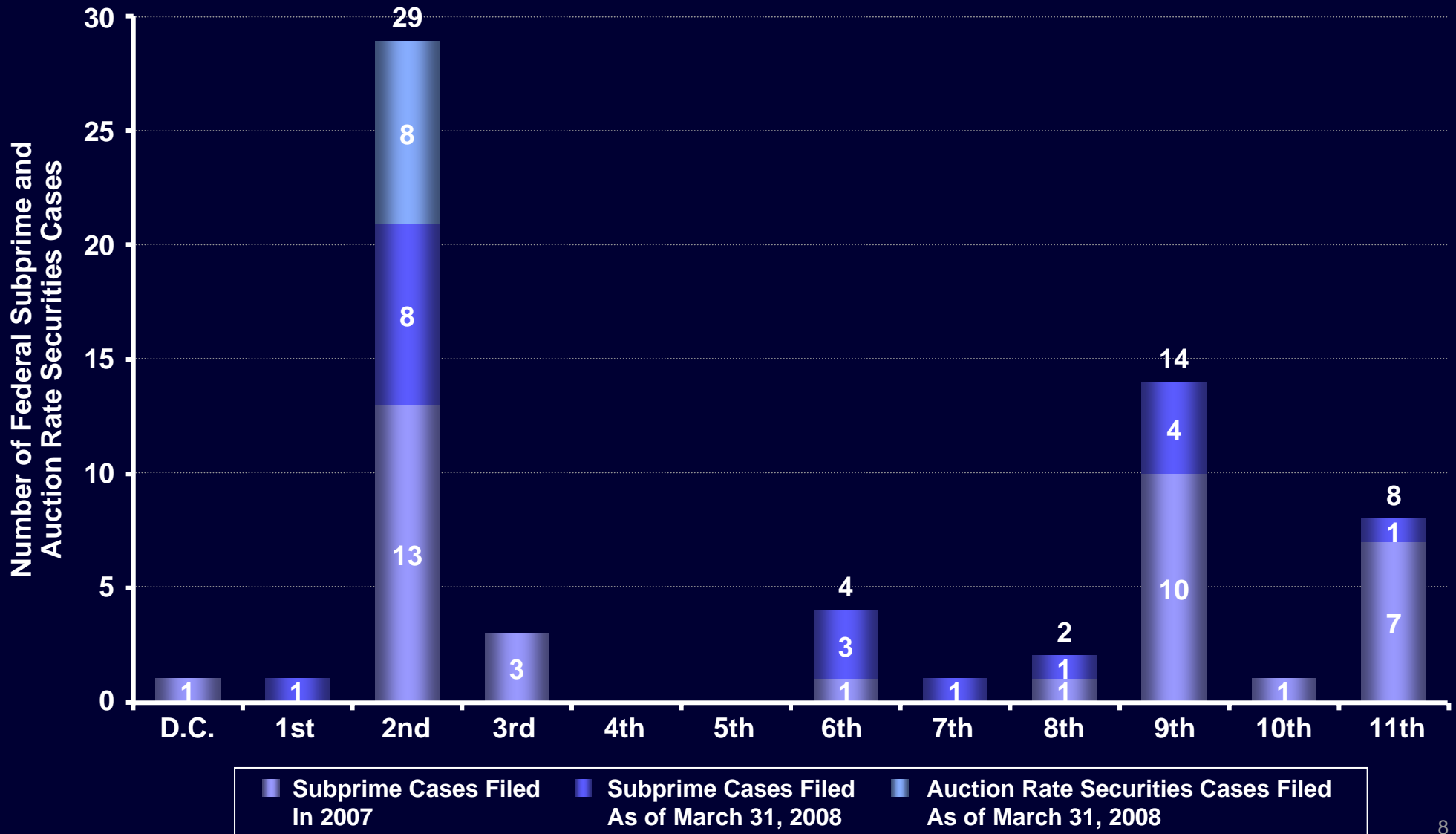
1Q 2008 Federal Filings By Circuit



2007 Federal Filings By Circuit



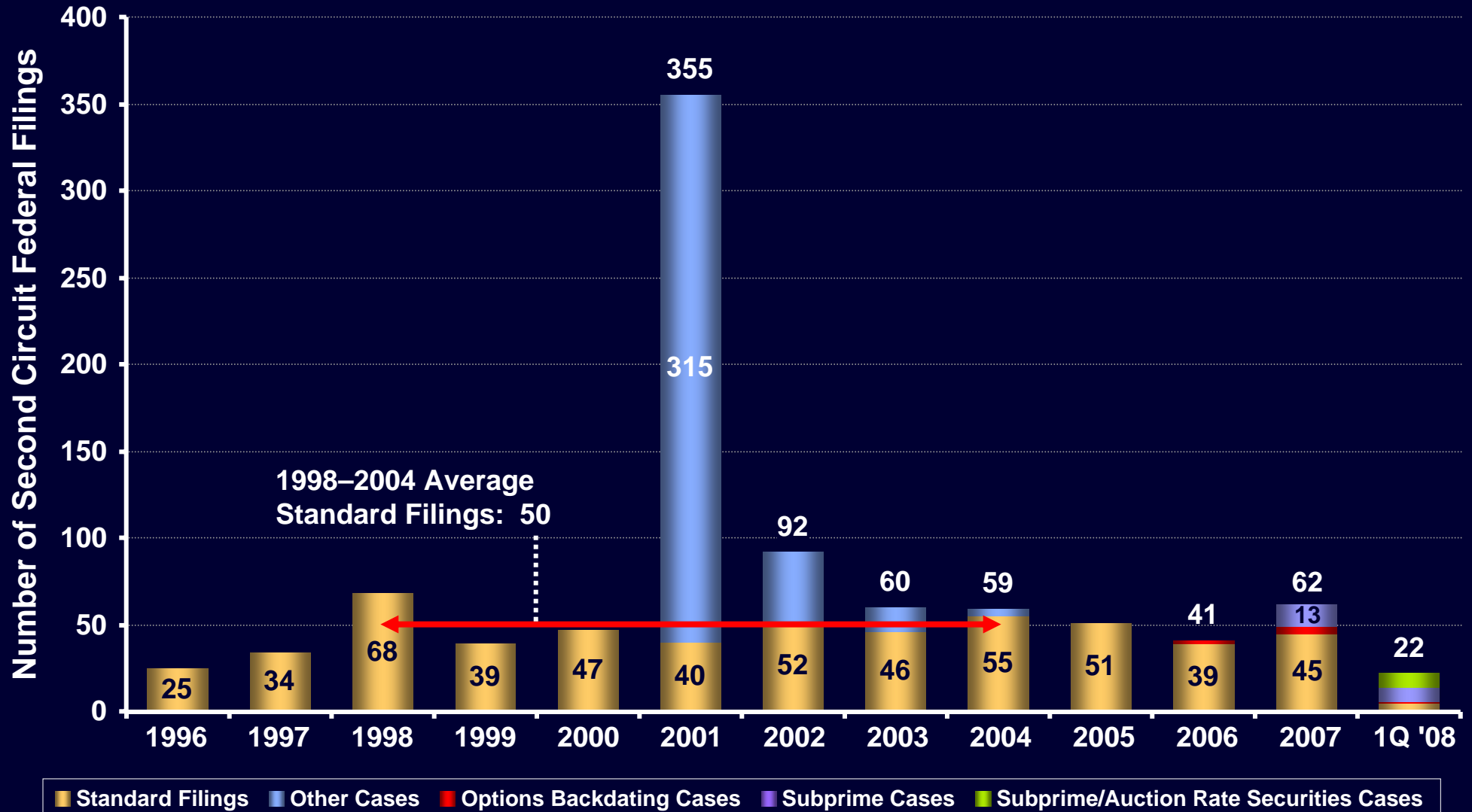
Federal Subprime Cases Filed By Circuit



Second Circuit Federal Filings

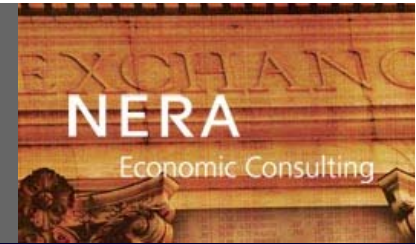


January 1, 1996–March 31, 2008

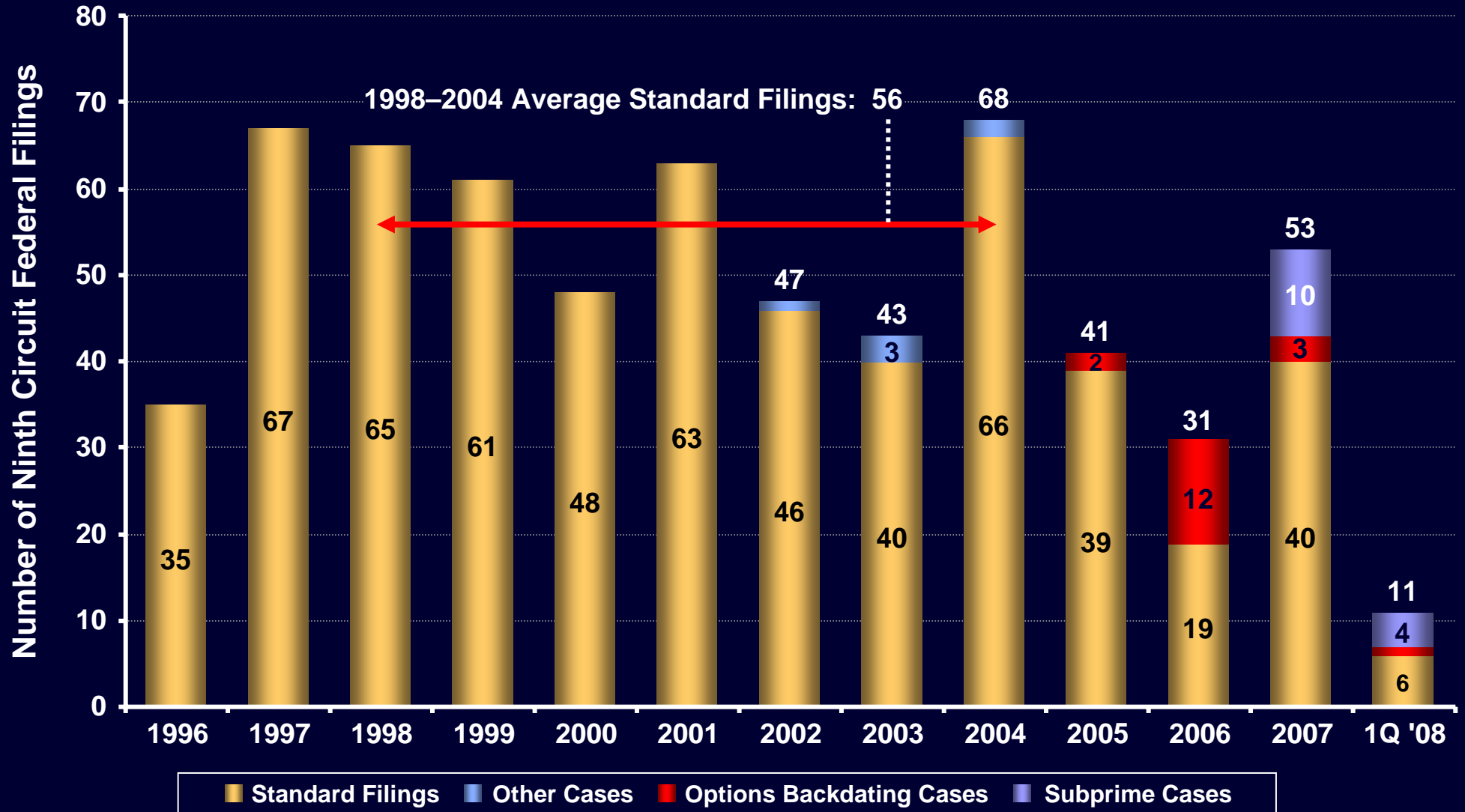


Notes: Other Cases include IPO laddering, analyst and mutual fund market timing cases.

Ninth Circuit Federal Filings



January 1, 1996–March 31, 2008

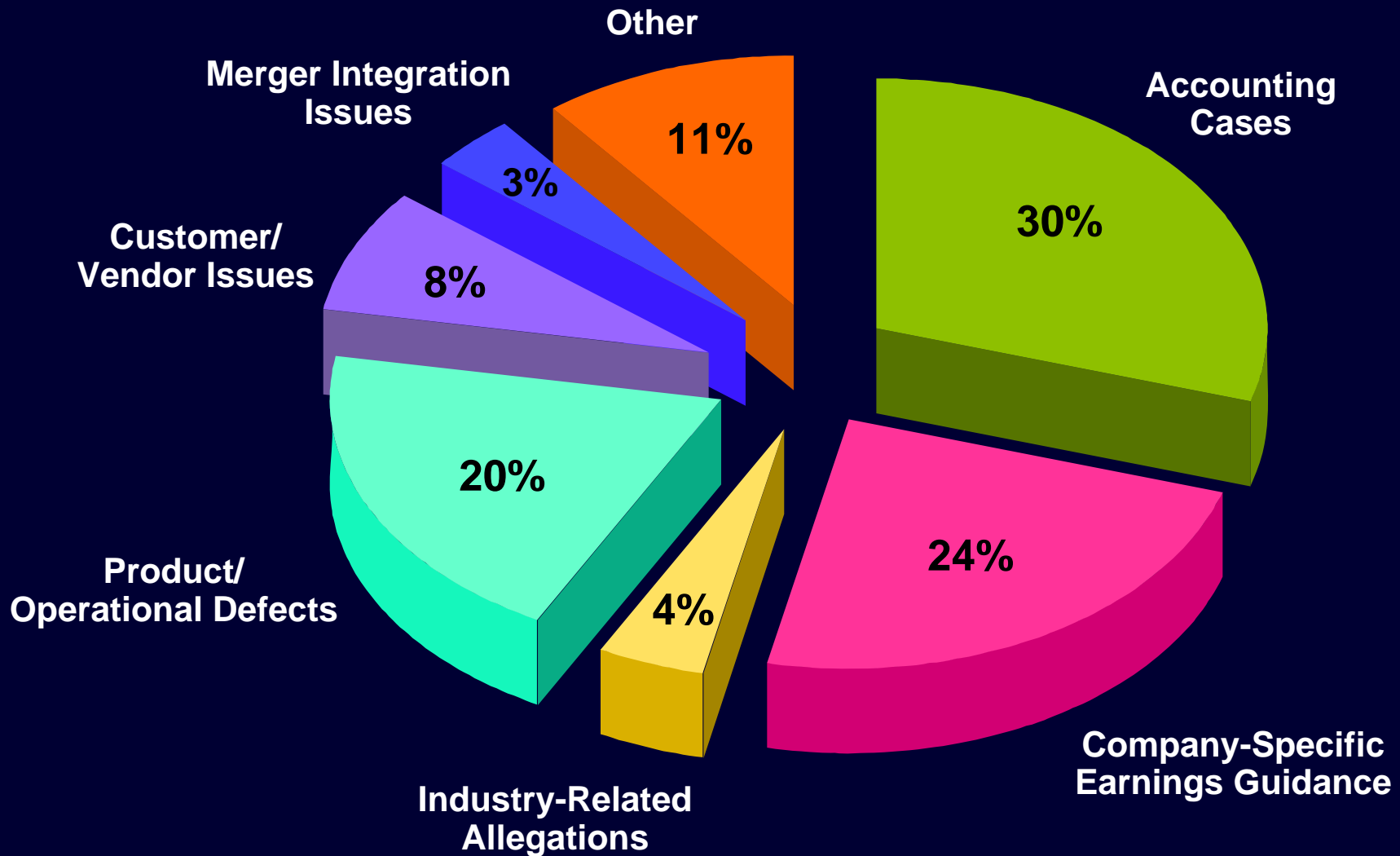


Notes: Other Cases include analyst and mutual fund market timing cases.

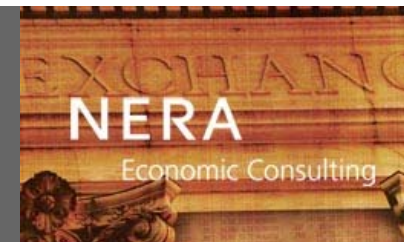
Federal Filings Allegations By Claim Type



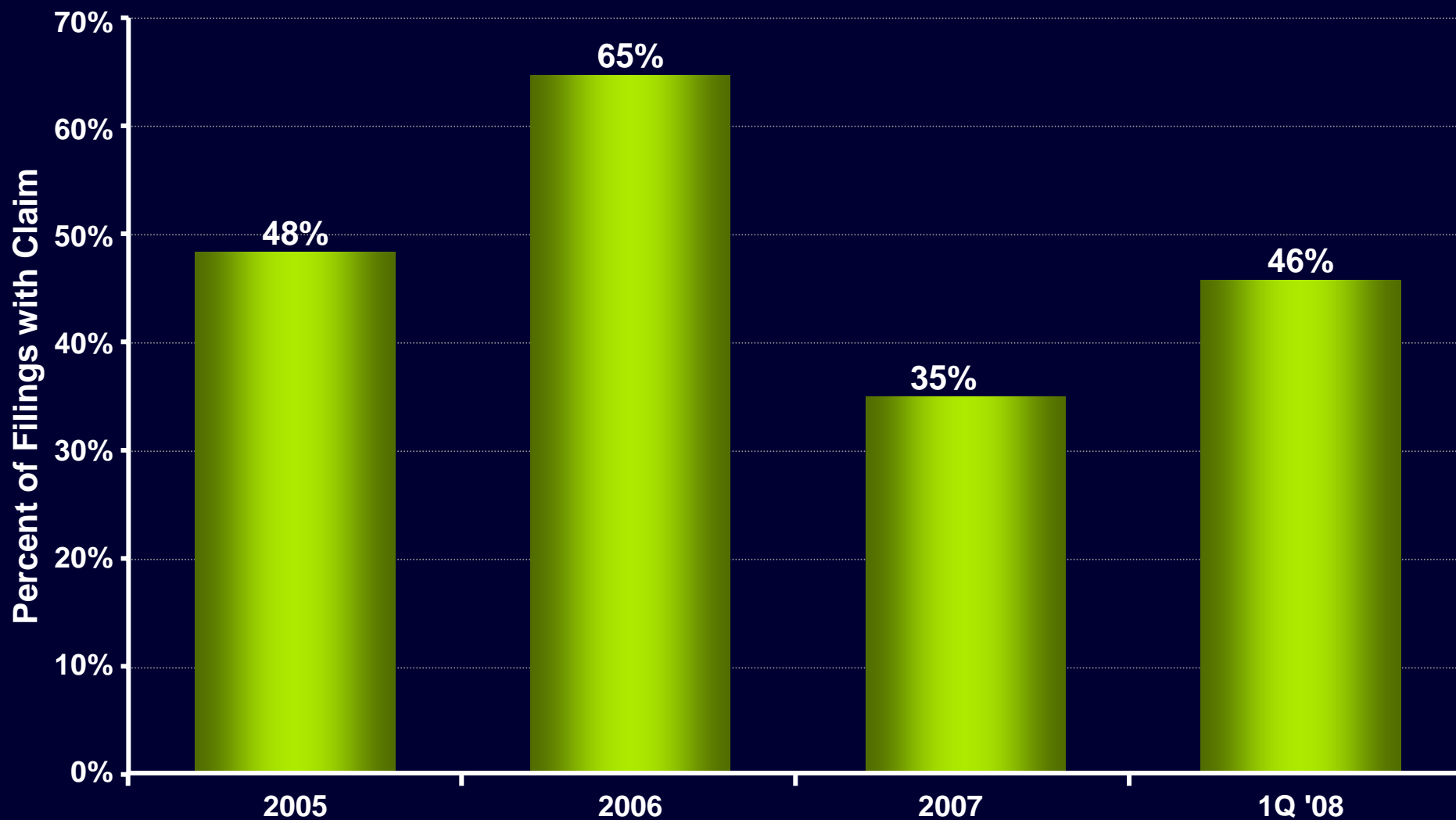
January 1, 2005–March 31, 2008

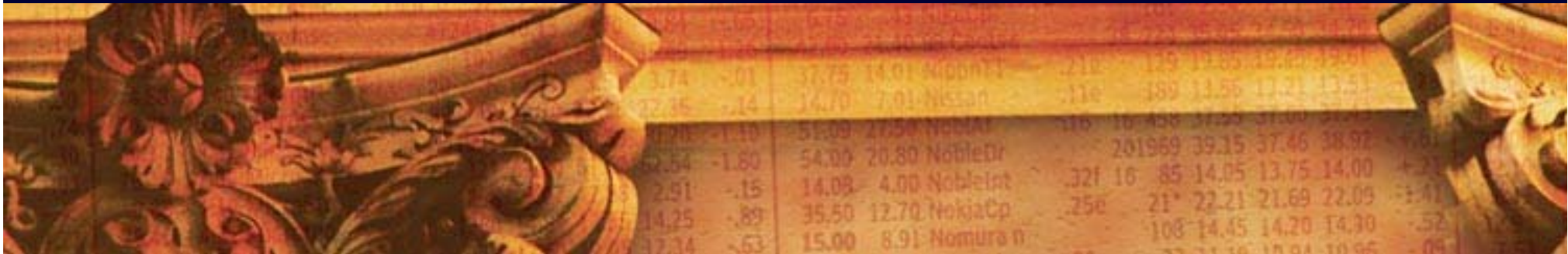


Federal Filings with Accounting Claims



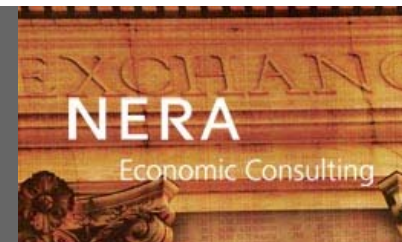
January 1, 2005–March 31, 2008



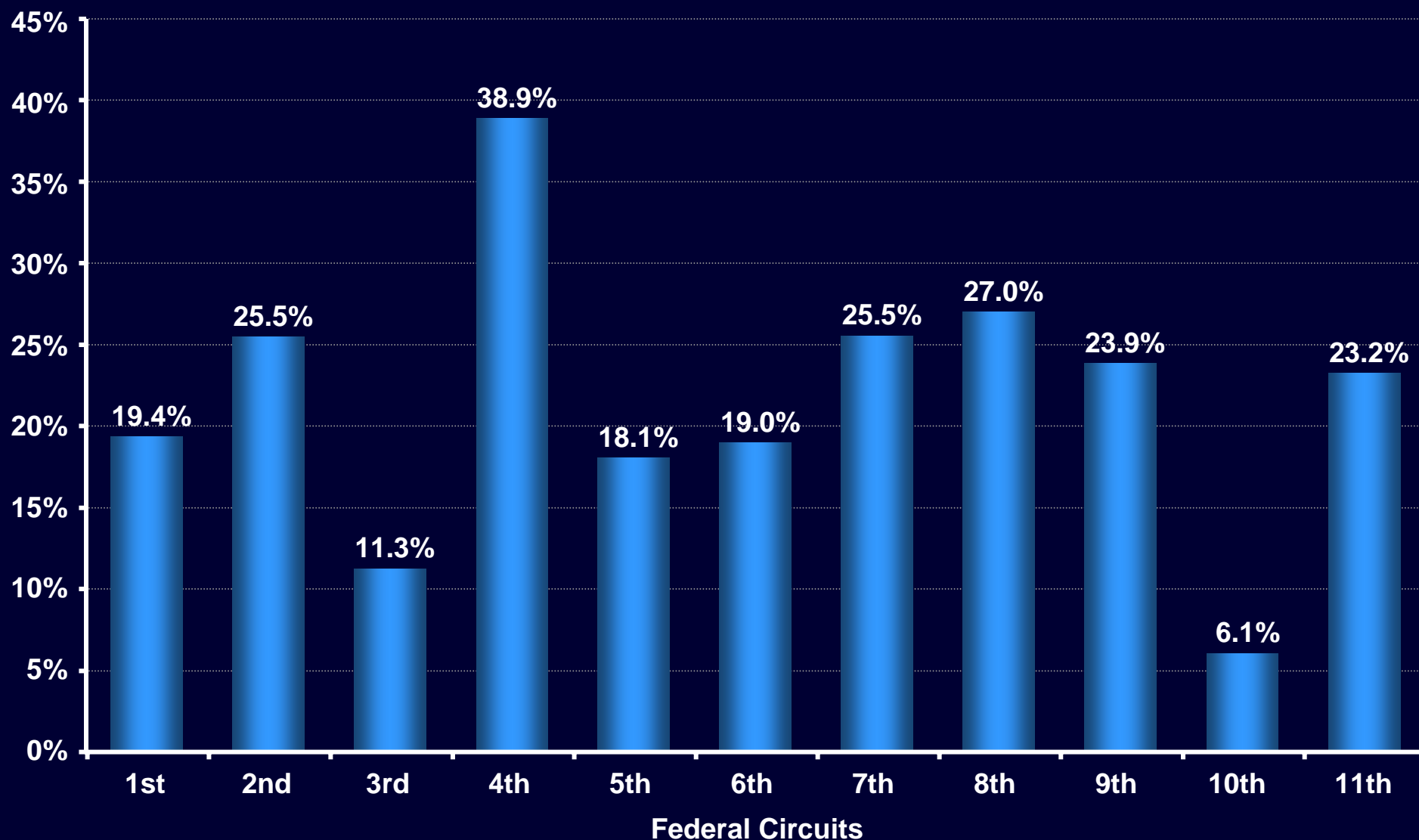


Trends in Dismissals

Dismissal Rates by Circuit Within Two Years of Filings

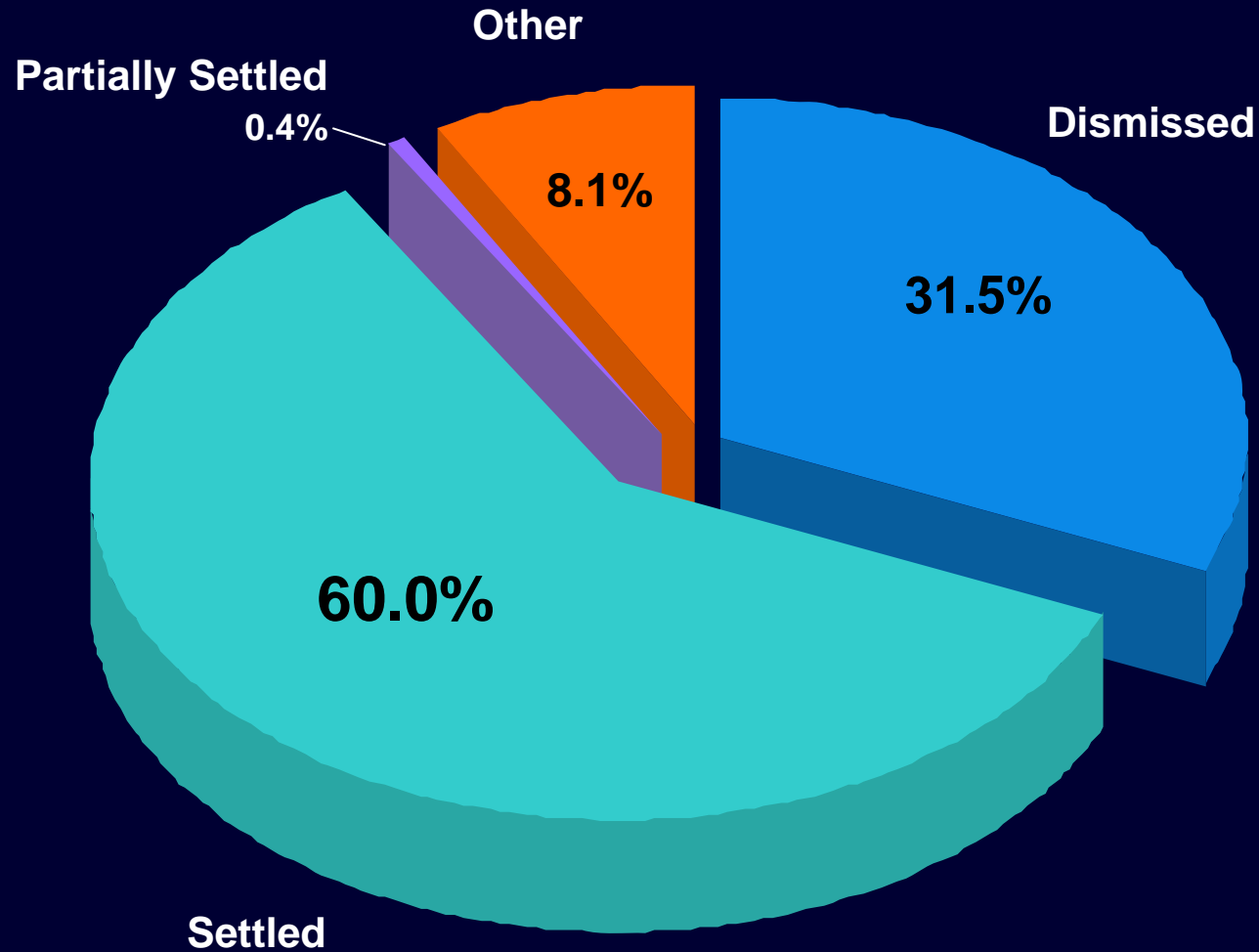


Filing Date March 31, 2001–March 31, 2006



Notes: Because it is not uncommon for judges to take up to two years from the filing date to rule on motions to dismiss, it would be premature to evaluate dismissal rates of cases after March 31, 2006.

Status of 235 Federal Securities Class Actions Filed in 2000



Out of the 64 Subprime Federal Shareholder Class Actions Filed Through March 31, 2008, Two Have Been Dismissed with Leave to Amend and Three Have Been Voluntarily Dismissed



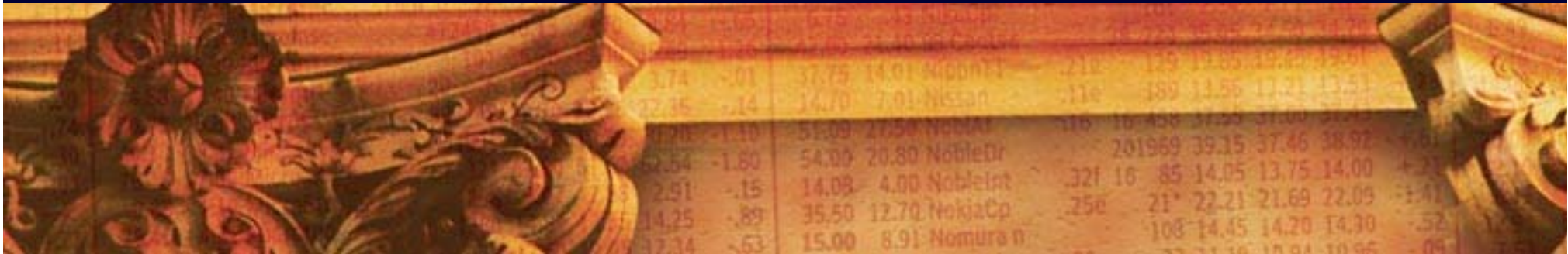
Company Name	Original Complaint Filing Date	Class Period		Dismissal Date 1	Amended Complaint Filing Date	Dismissal Date 2	Deadline for Filing Amended Complaint	Federal Circuit	Case Status
		Start	End						
Dismissed with Leave to Amend									
1 New Century Financial Corp. ¹	02/08/07	05/05/05	03/13/07	01/31/08	03/24/08			9	Active/ Tent Dismissed
2 IndyMac Bancorp, Inc.	03/12/07	01/26/06	01/25/07	11/29/07	01/18/08	05/08/08	06/06/08	9	Active/ Tent Dismissed
Voluntarily Dismissed									
1 Fremont General Corporation	06/15/07	04/28/05	02/27/07	08/15/08				9	Voluntarily Dismissed
2 BankAtlantic Bancorp, Inc.	11/30/07	11/09/05	10/25/07	01/25/08				2	Voluntarily Dismissed
3 Lehman Brothers Holdings, Inc. ²	02/22/08	09/13/06	07/30/07	03/04/08				7	Voluntarily Dismissed

Notes:

The 64 subprime shareholder class actions include 8 auction rate securities class actions filed in 2008.

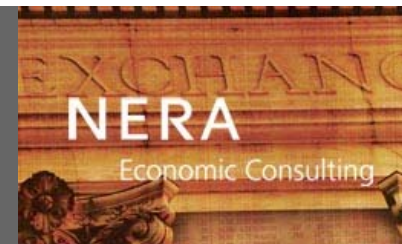
¹ The docket for the case indicates that New Century was terminated as a defendant on 09/14/07 after filing for bankruptcy on 04/02/07. According to the court docket for the case, on 06/02/08 a motion to dismiss the second amended complaint was filed and a hearing was set for 09/08/08.

² Lehman Brothers Holdings is not named a defendant in the class action. The defendant in this case is Christopher M. O'Meara who served as the Company's Chief Financial Officer.

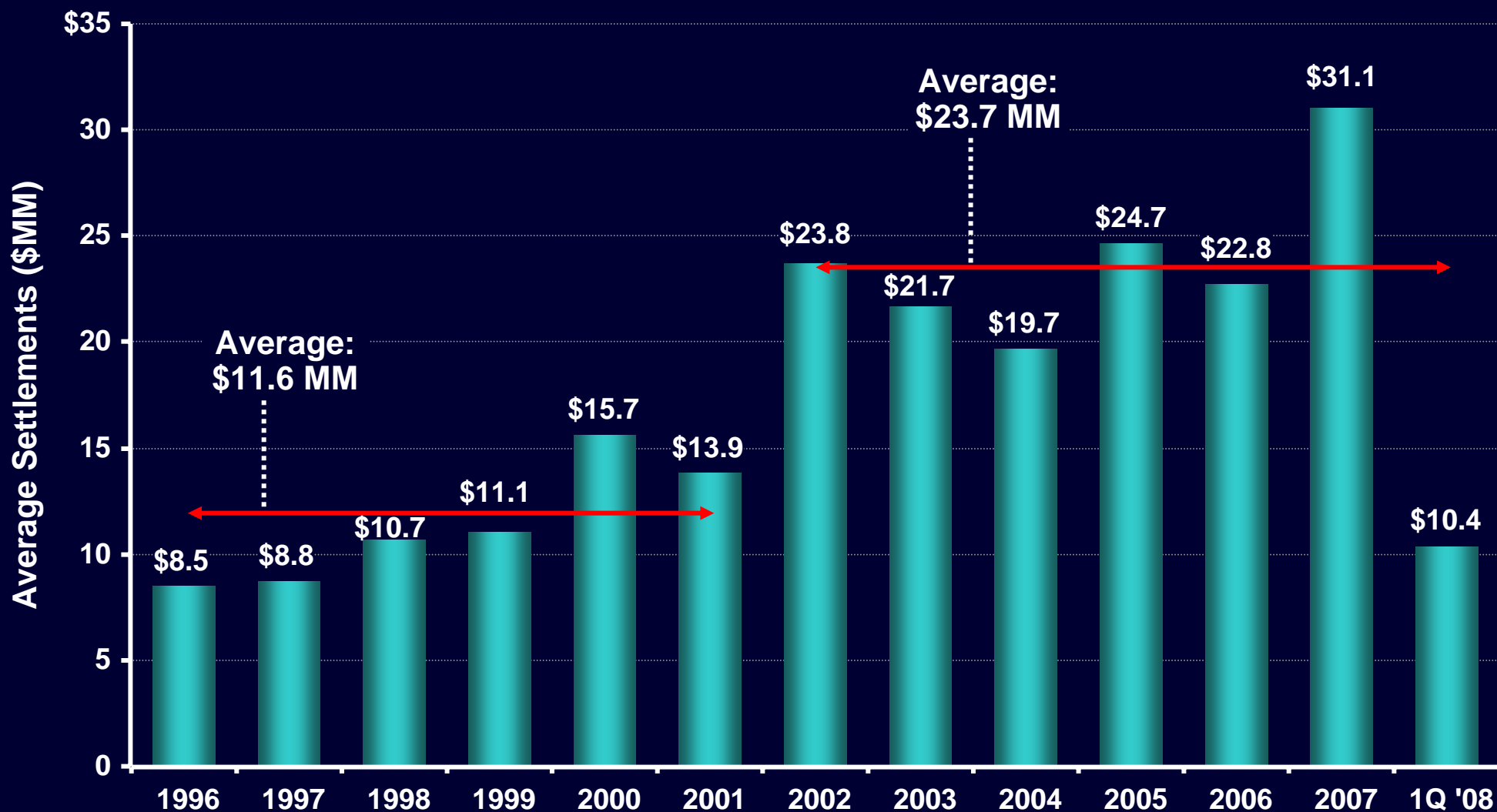


Trends in Settlements

Average Settlements, Excluding Settlements Over \$1 Billion



January 1, 1996–March 31, 2008

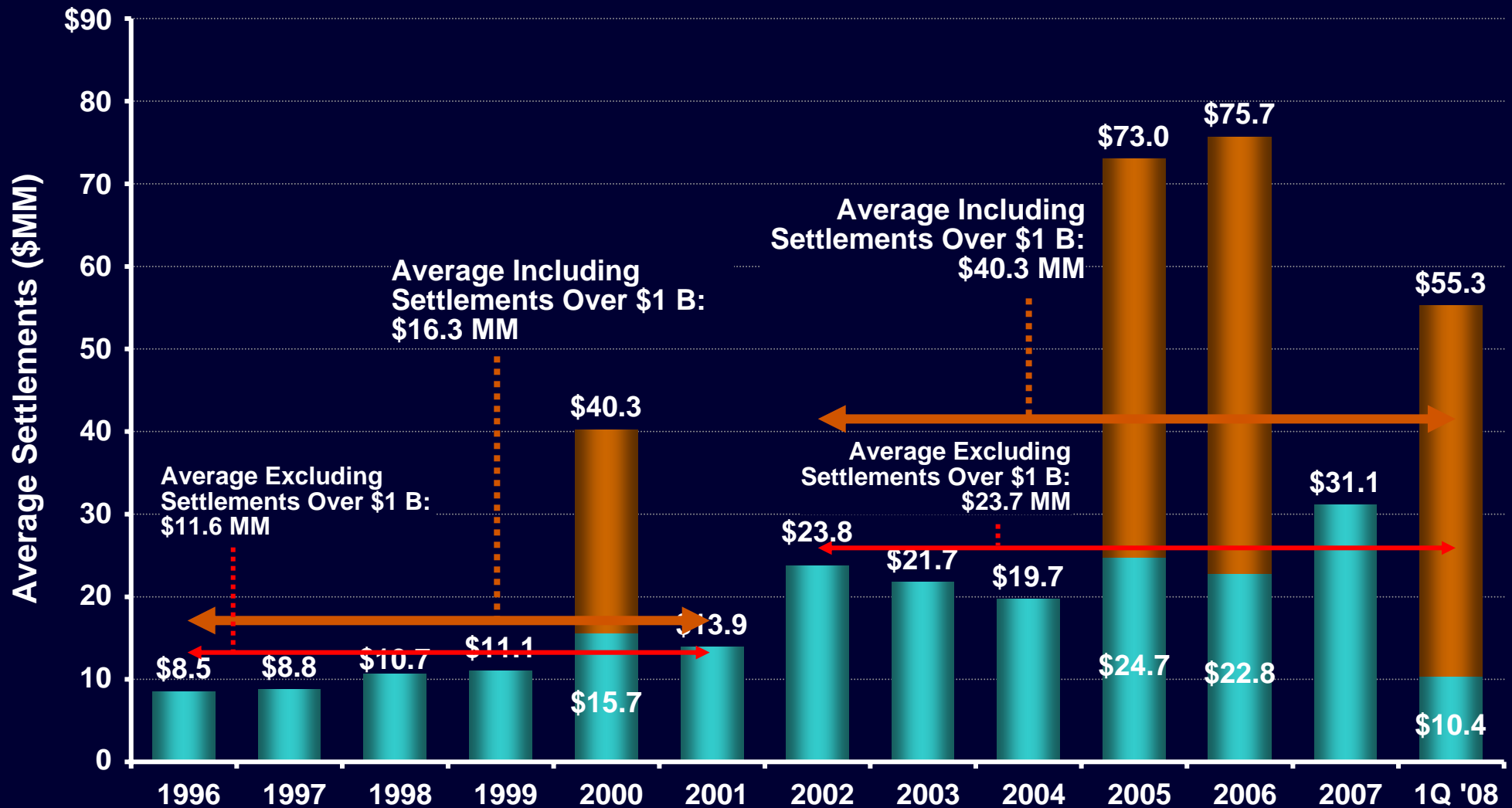


Notes: Average without final settlements over \$1 billion: the 2000 Cendant, the 2005 WorldCom, the 2006 Royal Ahold, AOL Time Warner, two Nortel Networks, and the 2008 McKesson HBOC Inc.

Including Settlements Over \$1 Billion Pushes Average Settlements Even Higher



January 1, 1996–March 31, 2008



Notes: Averages without final settlements over \$1 billion exclude the 2000 Cendant, the 2005 WorldCom, the 2006 Royal Ahold, AOL Time Warner, two Nortel Networks, and the 2008 McKesson HBOC Inc. settlements.

Top 10 Shareholder Class-Action Settlements



(As of March 31, 2008)

Rank	Company	Year	Settlement Value (\$MM)
1	Enron Corp. ¹	2007	\$7,231*
2	WorldCom Inc.	2005	\$6,156
3	Cendant Corp. ³	2000	\$3,561
4	Tyco International, Ltd. ¹	2007	\$3,200
5	AOL Time Warner Inc.	2006	\$2,650
6	Nortel Networks (I)	2006	\$1,143
7	Royal Ahold, NV	2006	\$1,100
8	Nortel Networks (II)	2006	\$1,074
9	McKesson HBOC Inc.	2008	\$1,043*
10	Xerox Corp. ²	2008	\$ 750

* Settlement amounts rounded.

¹ Indicates partial settlement including only some defendants.

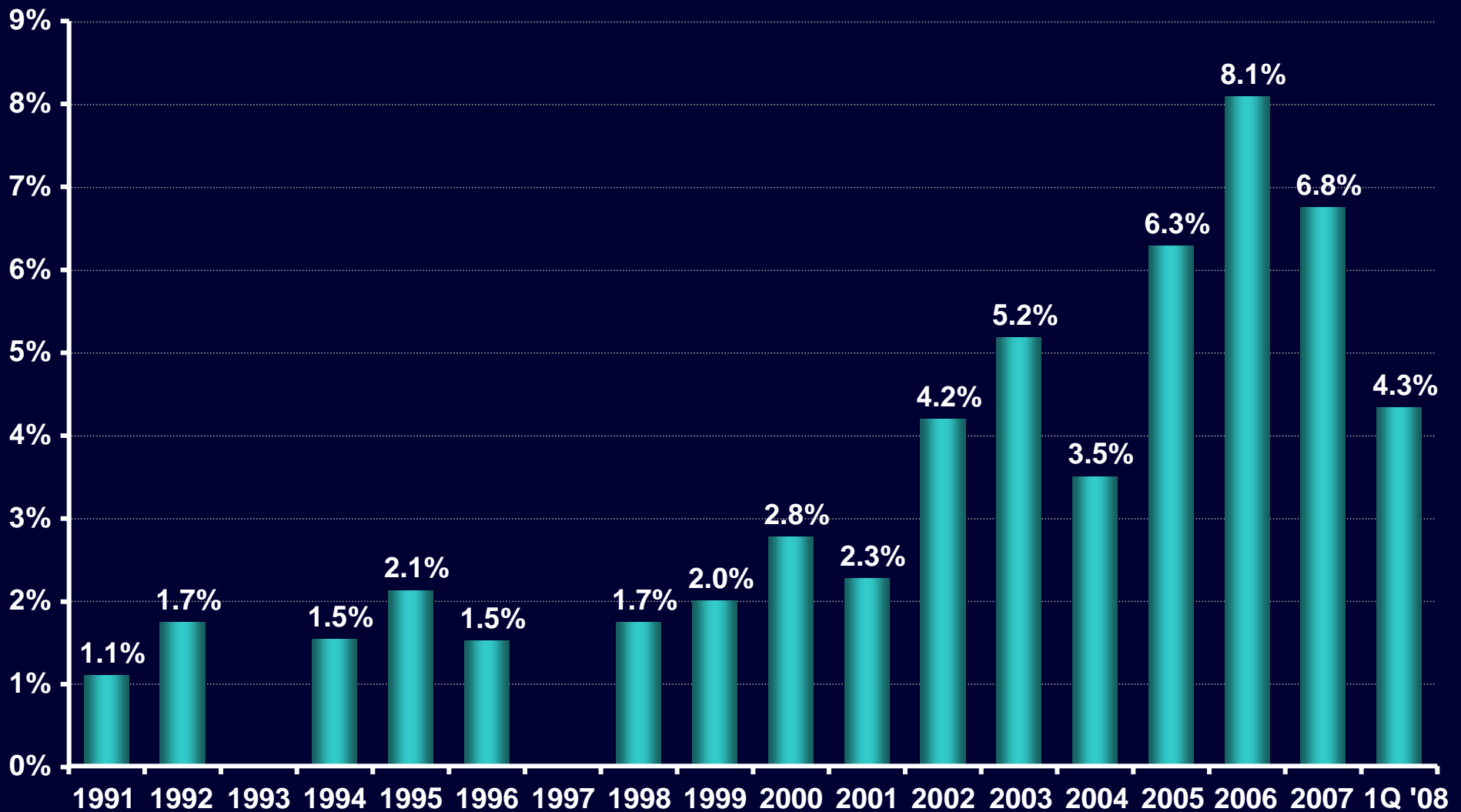
² Indicates tentative settlement.

³ The settlement value incorporates a \$374 million settlement in the Cendant PRIDES cases.

Incidence of Mega-Settlements By Year



January 1, 1991–March 31, 2008

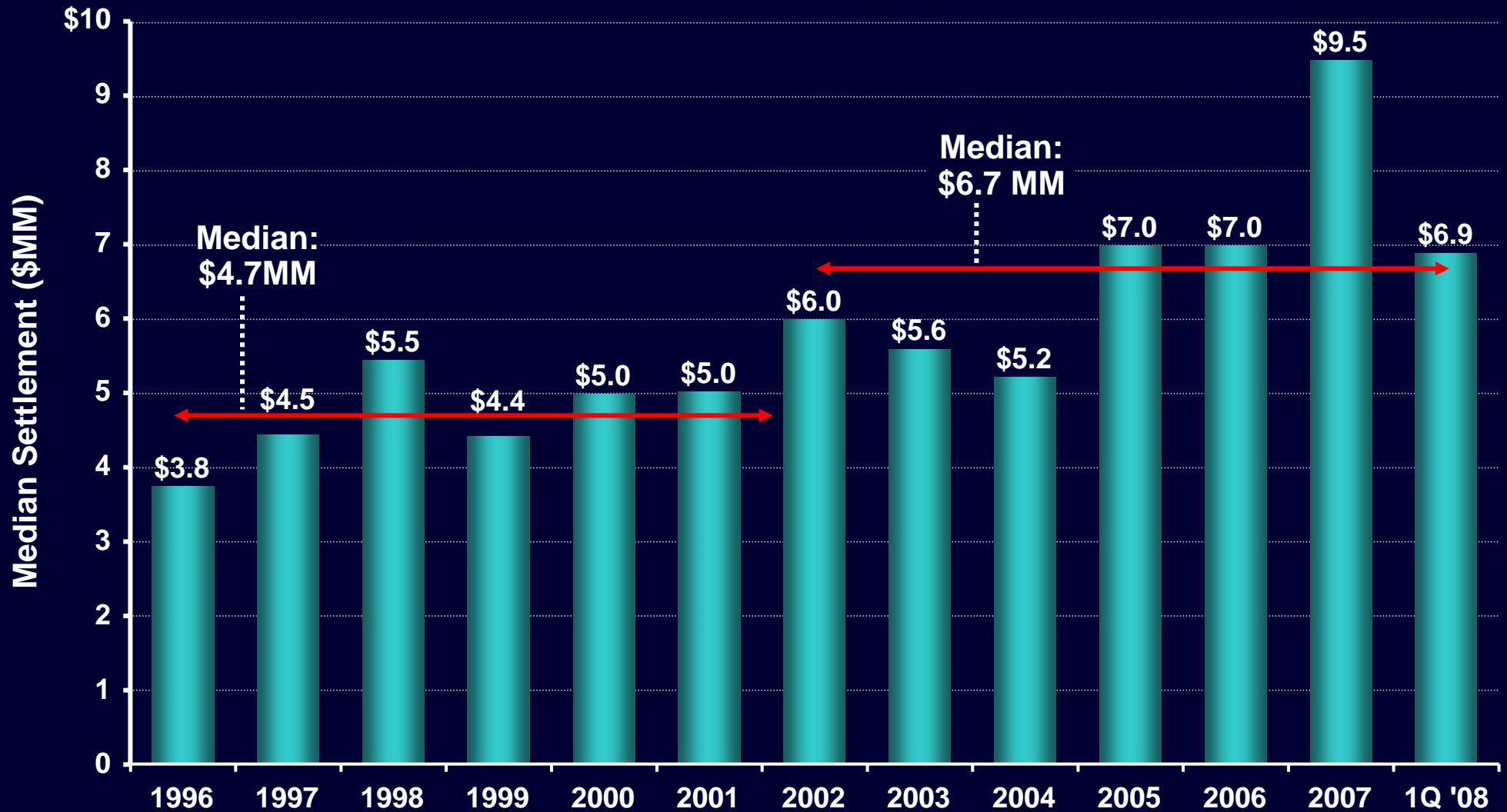


Notes: We define mega-settlements to be those exceeding \$100 million.

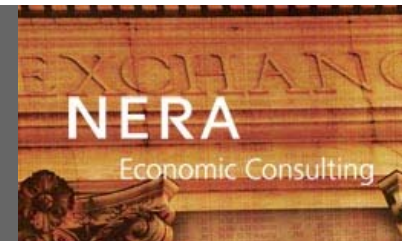
Median Settlement By Settlement Year



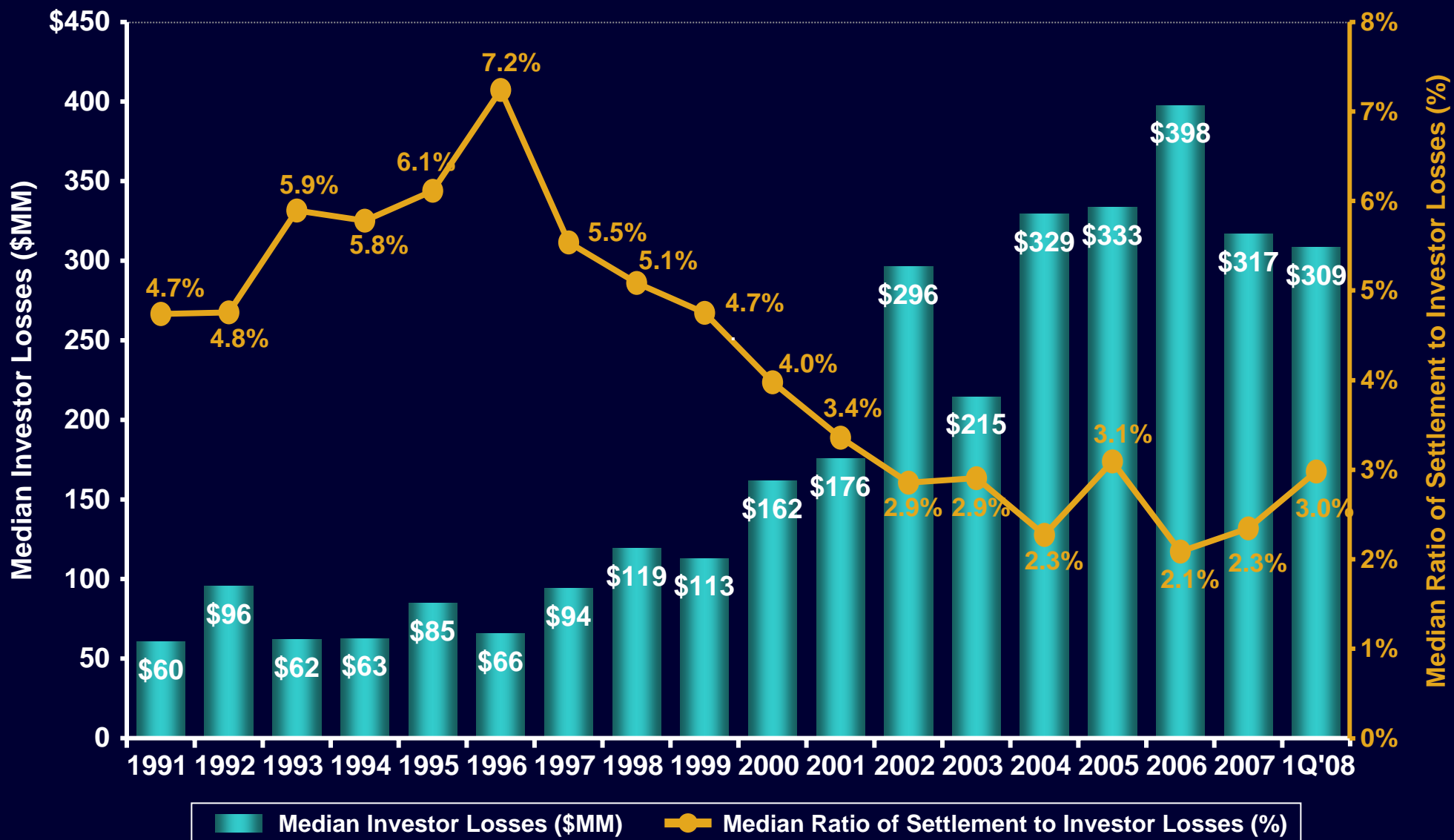
January 1, 1996–March 31, 2008



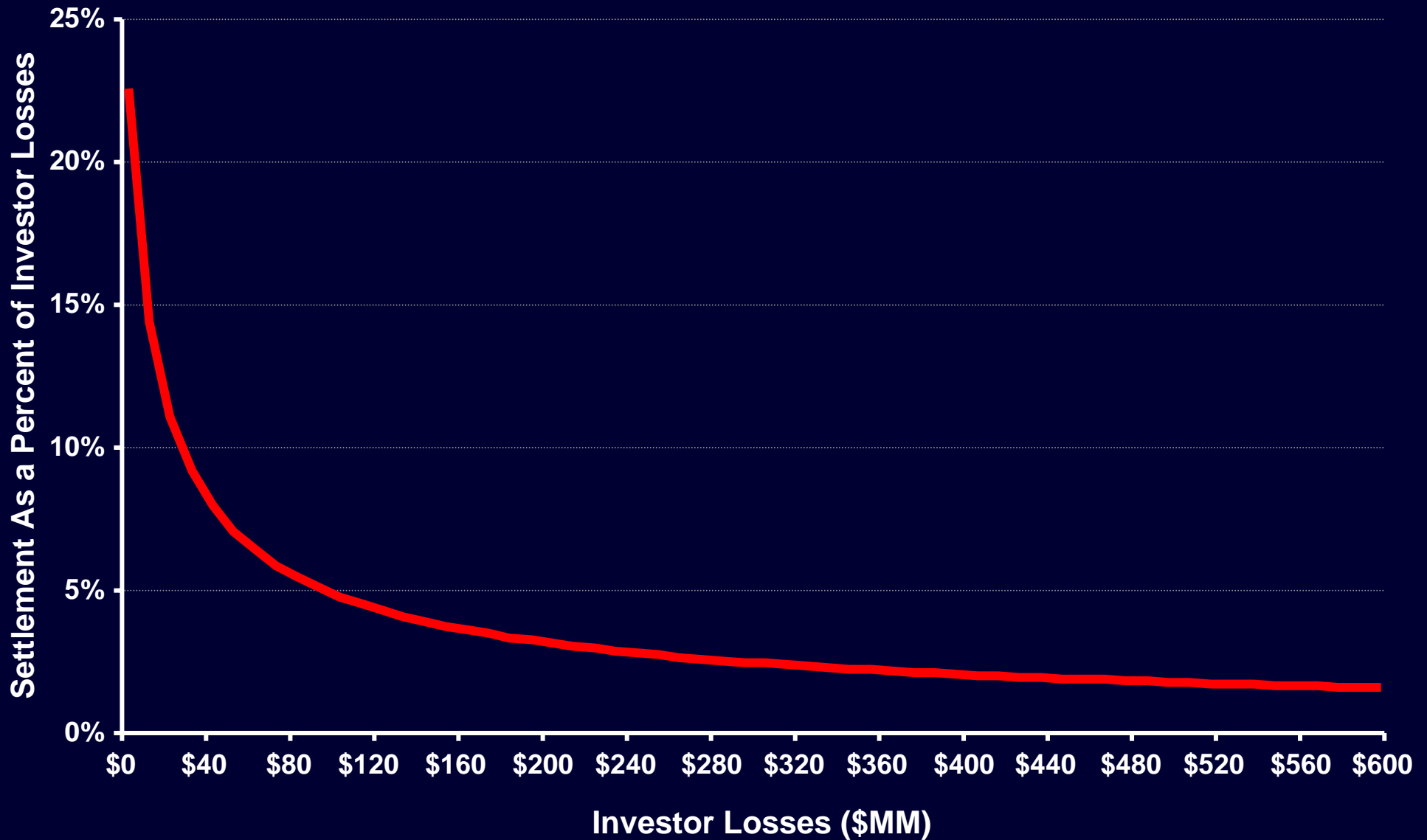
Median Ratio of Settlement to Investor Loss



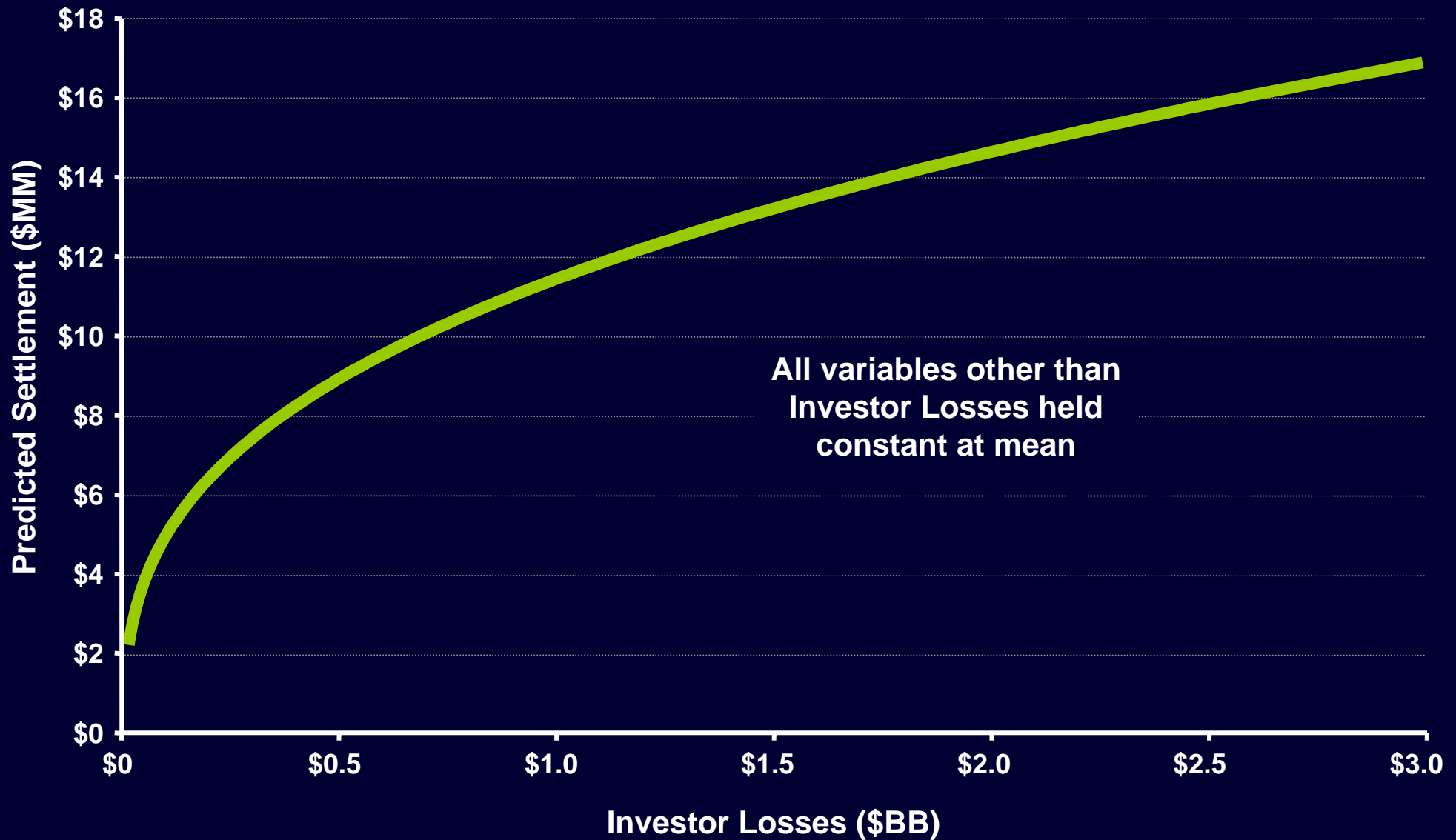
January 1, 1991–March 31, 2008



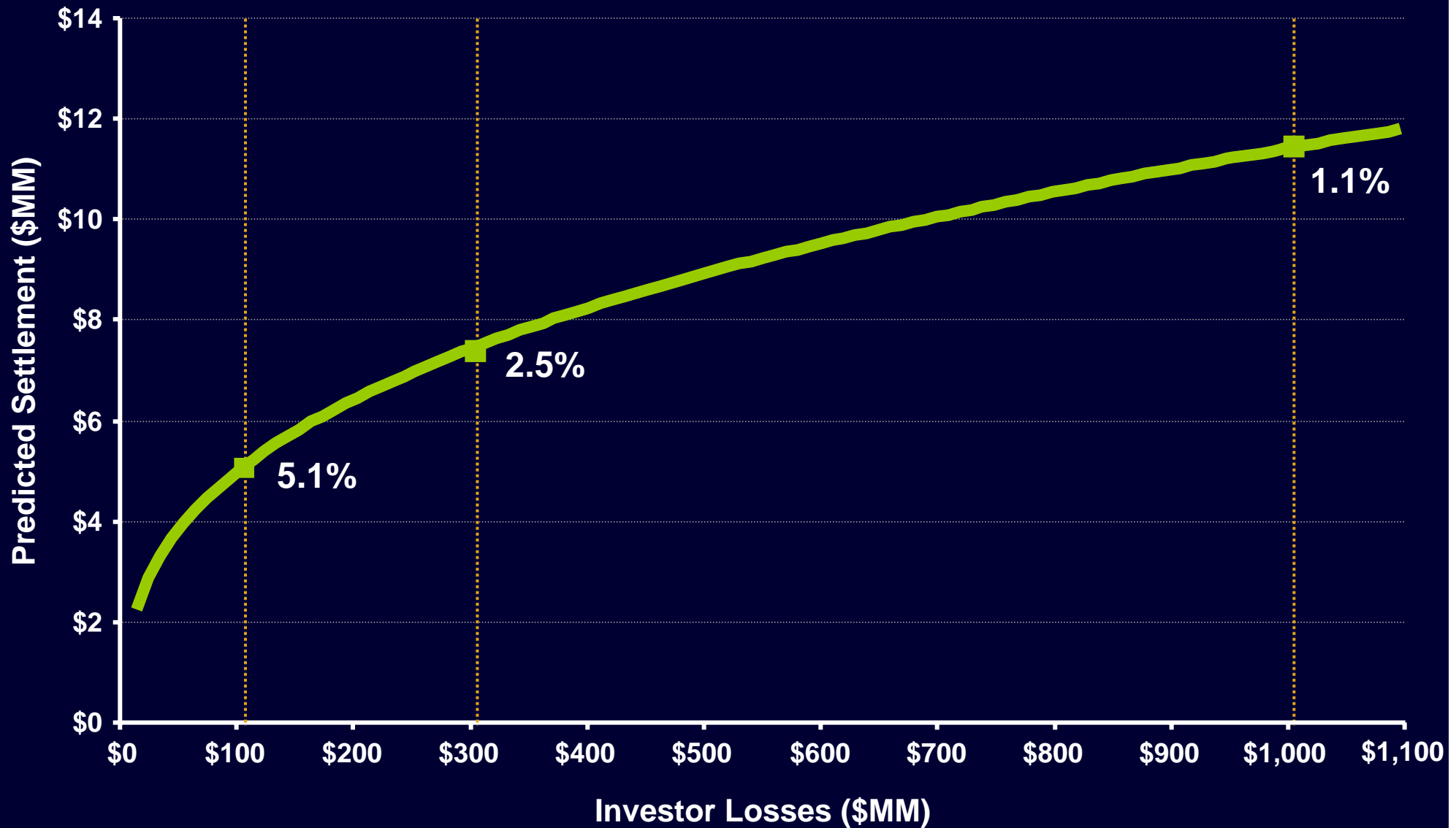
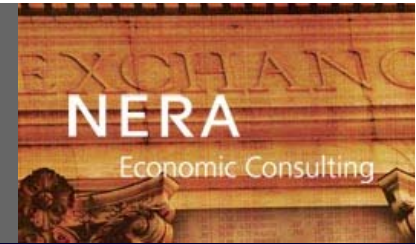
Expected Settlements Rise More Slowly than Investor Losses



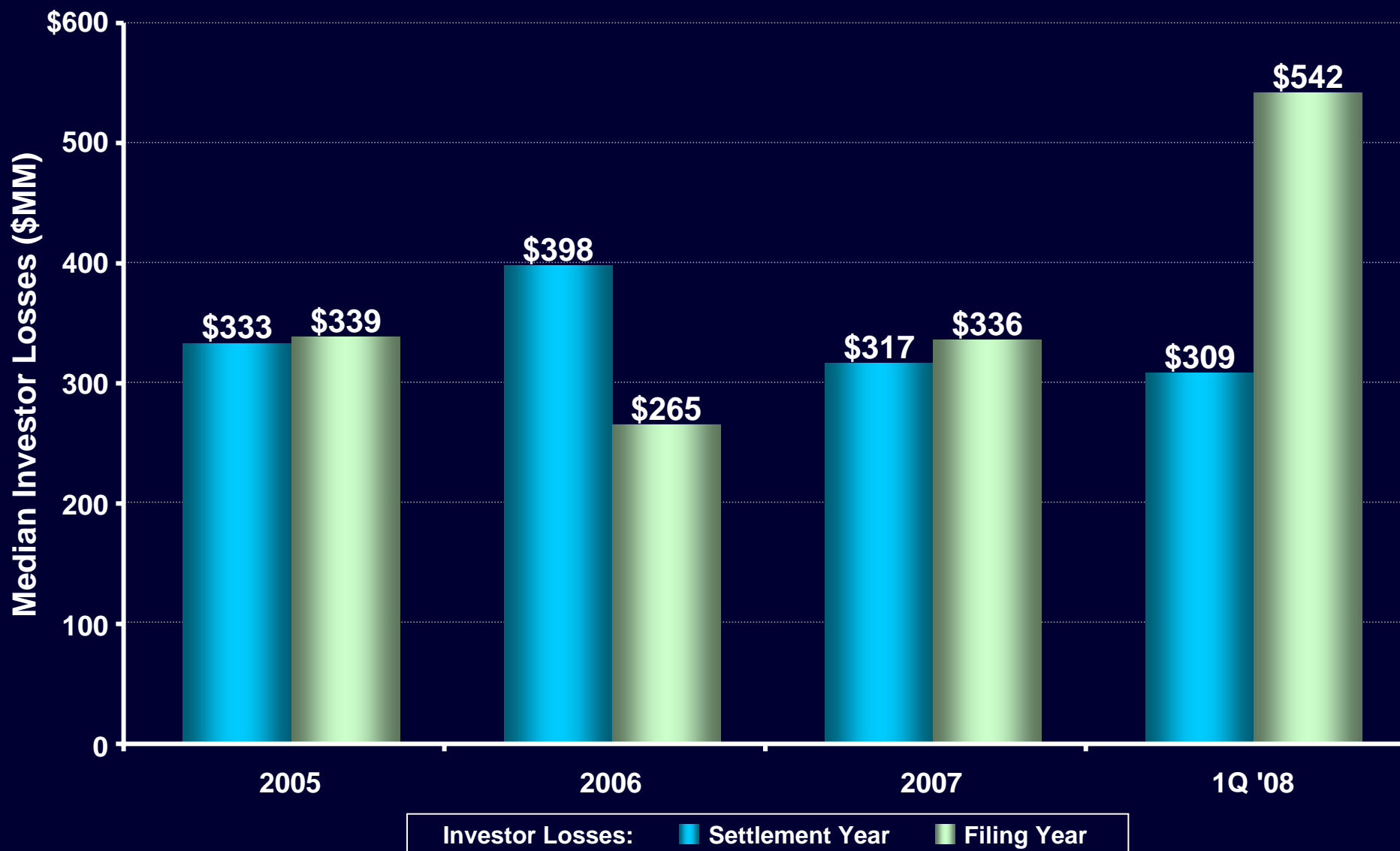
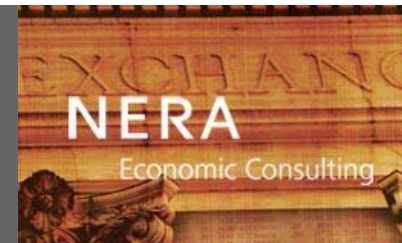
Expected Settlement Rises Slower than Investor Losses



Expected Settlement vs. Investor Losses: A Close-Up



Median Investor Losses By Filing Year and Settlement Year



What Factors Will Drive Future Settlement Amounts?



- Common Stock Damages Proxy
 - Investor losses vs. S&P 500
- Number of Other Securities
 - Debt, options, preferred
- Institutional Lead Plaintiff
- IPO
- Defendants' Pockets
 - Market cap the day after
 - Issuer bankrupt or price at settlement < \$1.00
 - Accountant codefendant
- Nature of Allegations
 - Accounting
- Strength of Allegations
 - Admitted irregularities
 - Official action

Contact Us



Stephanie Plancich

Senior Consultant
NERA

1166 Avenue of the Americas
New York, NY 10036
+ 212 345 7719
stephanie.plancich@nera.com