

EXHIBIT A



CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

Securities Class Action Settlements

2022 Review and Analysis

2022 Highlights

In 2022, the number of settled cases reached its highest level in 15 years, increasing 21% relative to 2021. The median settlement amount, median “simplified tiered damages,” and median total assets of the defendant issuer also rose dramatically.¹

- In 2022, the number of securities class action settlements increased to 105 with a total settlement value of over \$3.8 billion, compared to 87 settlements in 2021 with a total value of \$1.9 billion. (page 3)
- The median settlement amount of \$13.0 million represents an increase of 46% from 2021, while the average settlement amount (\$36.2 million) increased by 63%. (page 4)
- The \$3.8 billion total settlement dollars were 97% higher than the prior year. (page 3)
- There were eight mega settlements (equal to or greater than \$100 million), ranging from \$100 million to \$809.5 million. (page 3)
- The increase in the proportion of “midsize” settlement amounts (\$10 million to \$50 million) was accompanied by a decrease in the proportion of cases that settled for less than \$10 million. (page 4)
- Median “simplified tiered damages” increased more than 125% and reached a record high.² (page 5)
- Median “disclosure dollar losses”³ grew by more than 160%, also reaching an all-time high. (page 5)
- Compared to defendant firms involved in cases that settled in 2021, defendant firms involved in 2022 settlements were 97% larger, as measured by median total assets. (page 5)
- The historically low rate of settled cases involving a corresponding action by the U.S. Securities and Exchange Commission (SEC) observed in 2021 persisted in 2022, remaining below 9%. (page 11)

Figure 1: Settlement Statistics

(Dollars in millions)

	2017–2021	2021	2022
Number of Settlements	395	87	105
Total Amount	\$16,714.3	\$1,932.4	\$3,805.5
Minimum	\$0.3	\$0.7	\$0.7
Median	\$10.2	\$8.9	\$13.0
Average	\$42.3	\$22.2	\$36.2
Maximum	\$3,496.8	\$202.5	\$809.5

Note: Settlement dollars are adjusted for inflation; 2022 dollar equivalent figures are presented.

'33 Act Claims and “Simplified Statutory Damages”

For Securities Act of 1933 ('33 Act) claim cases—those involving only Section 11 and/or Section 12(a)(2) claims—potential shareholder losses are estimated using a model in which the statutory loss is the difference between the statutory purchase price and the statutory sales price, referred to here as “simplified statutory damages.” Only the offered shares are assumed to be eligible for damages.⁸

- In 2022, there were nine settlements for cases with only '33 Act claims, in line with the average from 2017 to 2020 and well below the historically high number of 16 settlements observed in 2021.

- The median settlement as a percentage of simplified statutory damages in 2022 and 2021 were 4.7% and 4.4%, respectively—the lowest levels since 2002. (See [Appendix 6](#) for additional information on median and average settlements as a percentage of “simplified statutory damages.”)
- The average settlement amount for cases with only '33 Act claims was \$7.3 million in 2022, compared to \$14.9 million during 2013-2021.

In 2022, the median settlement amount for cases with only '33 Act claims was \$7.0 million, the lowest since 2013.

Figure 6: Settlements by Nature of Claims
2013–2022

(Dollars in millions)

	Number of Settlements	Median Settlement	Median “Simplified Statutory Damages”	Median Settlement as a Percentage of “Simplified Statutory Damages”
Section 11 and/or Section 12(a)(2) Only	82	\$9.2	\$145.2	8.7%

	Number of Settlements	Median Settlement	Median “Simplified Tiered Damages”	Median Settlement as a Percentage of “Simplified Tiered Damages”
Both Rule 10b-5 and Section 11 and/or Section 12(a)(2)	123	\$15.4	\$355.7	6.3%
Rule 10b-5 Only	581	\$9.0	\$250.1	4.5%

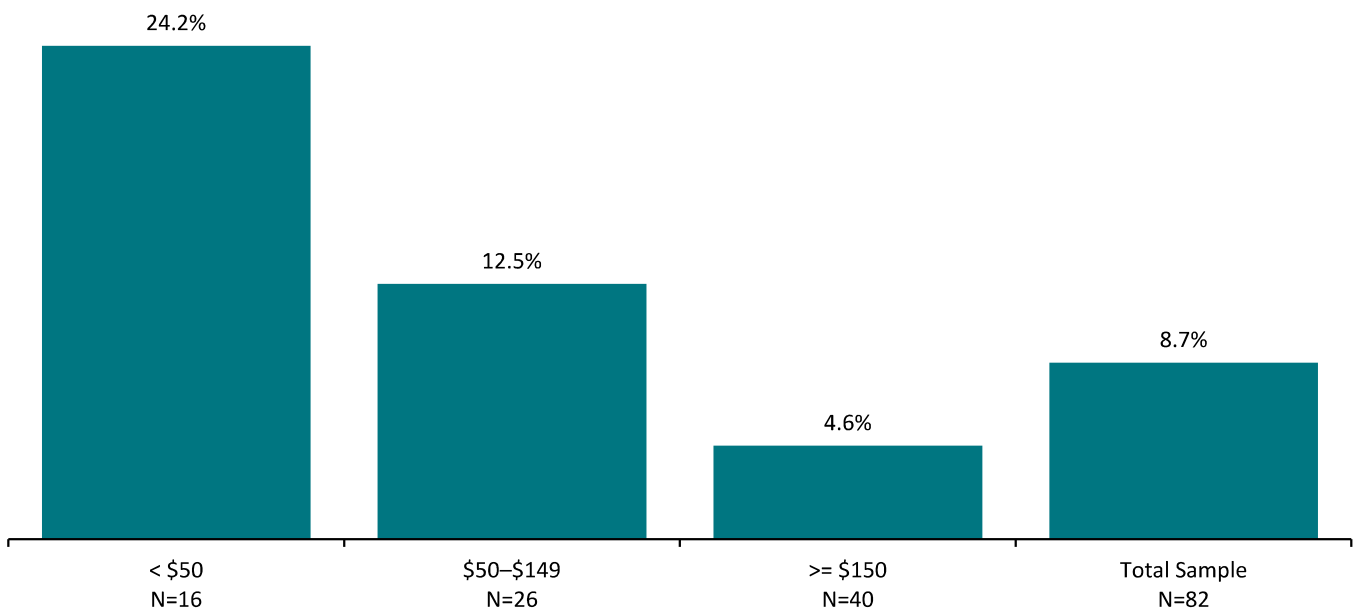
Note: Settlement dollars and damages are adjusted for inflation; 2022 dollar equivalent figures are presented.

- Settlements as a percentage of the simplified proxies for potential shareholder losses used in this report are typically smaller for cases that have larger estimated damages. As with cases with Rule 10b-5 claims, this finding holds for cases with only '33 Act claims.
- In the past decade, over 85% of the settled '33 Act claim cases involved an underwriter (or underwriters) as a named codefendant.
- Over 80% of '33 Act claim cases that settled in 2013–2022 involved an initial public offering (IPO).

Consistent with the lower median settlement amount among '33 Act claim cases, the median “simplified statutory damages” in 2022 declined by 61% from the median in 2021 and was the lowest since 2016.

Figure 7: Median Settlement as a Percentage of “Simplified Statutory Damages” by Damages Ranges in '33 Act Claim Cases 2013–2022

(Dollars in millions)



Jurisdictions of Settlements of '33 Act Claim Cases

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
State Court	1	0	2	4	5	4	4	7	6	6
Federal Court	7	2	2	6	3	4	5	1	10	3

Note: “N” refers to the number of cases. This analysis excludes cases alleging Rule 10b-5 claims..

Institutional Investors

As discussed in prior reports, increasing institutional participation as lead plaintiffs in securities litigation was a focus of the Reform Act.¹⁴ Indeed, in years following passage of the Reform Act, institutional investor involvement as lead plaintiffs did increase, particularly in larger cases, that is, cases with higher “simplified tiered damages.”

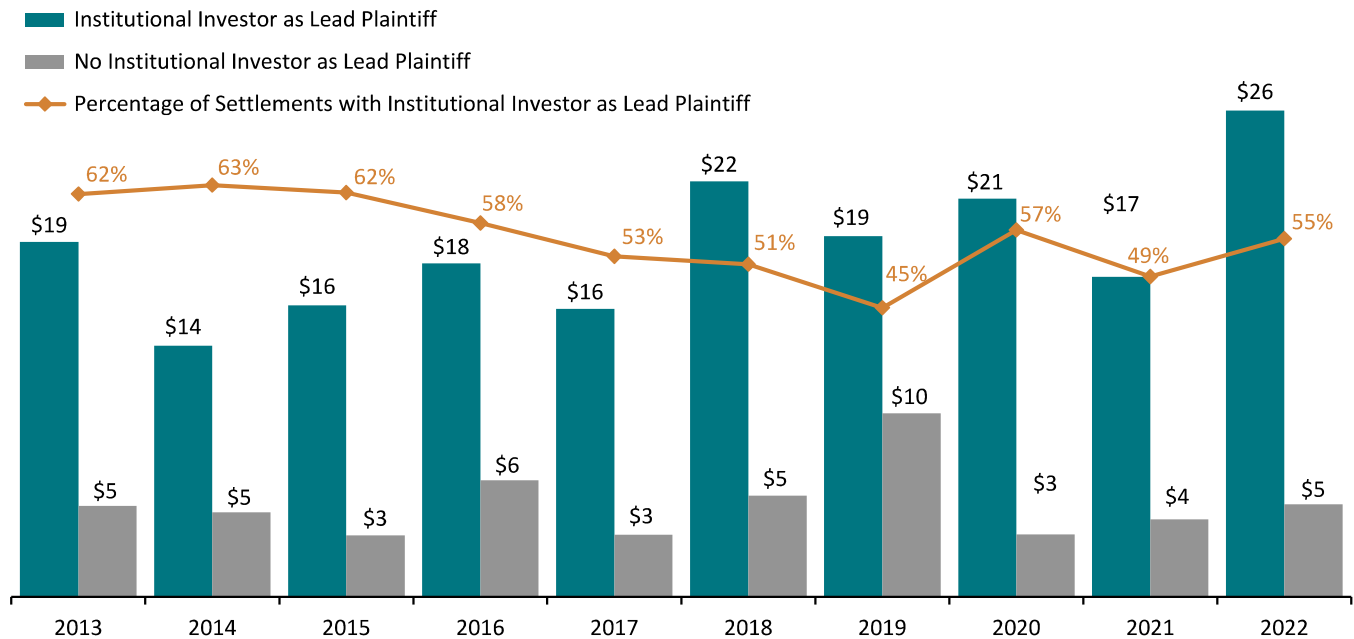
- In 2022, for cases involving an institutional investor as lead plaintiff, median “simplified tiered damages” and median total assets were five times and eight times higher, respectively, than the median values for cases without an institutional investor as a lead plaintiff.
- Since passage of the Reform Act, public pension plans have been the most frequent type of institutional lead plaintiff.

- In 2022, a public pension plan served as lead plaintiff in two-thirds of cases with an institutional lead plaintiff. Moreover, in six of the seven mega settlement cases in 2022 involving an institutional lead plaintiff, the institutional investor was a public pension plan.
- Institutional participation as lead plaintiff continues to be associated with particular plaintiff counsel. For example, an institutional investor served as a lead plaintiff in 2022 in over 85% of settled cases in which Robbins Geller Rudman & Dowd LLP and/or Bernstein Litowitz Berger & Grossmann LLP served as lead plaintiff counsel. In contrast, institutional investors served as lead plaintiffs in 21% of cases in which The Rosen Law Firm, Pomerantz LLP, or Glancy Prongay & Murray LLP served as lead plaintiff counsel.

Of the eight mega settlement cases in 2022, seven included an institutional lead plaintiff.

Figure 11: Median Settlement Amounts and Institutional Investors 2013–2022

(Dollars in millions)



Note: Settlement dollars are adjusted for inflation; 2022 dollar equivalent figures are presented.

EXHIBIT B



CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

Accounting Class Action Filings and Settlements

2022 Review and Analysis

Executive Summary

The number of securities class action filings involving accounting allegations increased slightly in 2022, while the median number of days between the end of the class period and the filing date of an accounting case was the longest in 10 years. After a large drop in 2021, filings referencing financial statement restatements and/or allegations of internal control weaknesses returned to pre-2021 levels.

The total value of settlements involving accounting allegations increased substantially over 2021, driven by both growth in the volume of settlements as well as settlement amounts. These increases were accompanied by a dramatic rise in the size of issuer defendants in settlements involving accounting allegations.

- There were 51 securities class action filings involving accounting allegations (“accounting case filings” or “accounting cases”) during 2022. This is an increase of 11% compared to 2021.¹ (page 2)
- The median filing lag for accounting case filings increased for the first time since 2019 and, at 24 days, was the longest in the past 10 years. (page 4)
- The median pre-disclosure market capitalization of issuer defendants in 2022 accounting case filings was \$1.1 billion, the smallest since 2017.² (page 10)
- Accounting case filings in the Financial sector in 2022 dropped to their lowest level in the last 10 years. (page 12)
- There were 43 securities class action settlements involving accounting allegations (“accounting case settlements”) in 2022, an increase of 30% over 2021. (page 8)
- The median settlement for accounting cases in 2022 almost doubled compared to the 2021 median settlement amount (see Figure 1).
- While the total value of all accounting case settlements increased substantially in 2022, it remained below the 2013–2021 average. (page 9)
- The median pre-disclosure market capitalization of issuer defendants in accounting cases settled in 2022 increased by 111% over the prior year. (page 11)

Figure 1: Filings and Settlements Summary Statistics

(Dollars in millions)

	Accounting Cases		Non-Accounting Cases	
	2021	2022	2021	2022
Filings Summary				
Total Number of Filings	46	51	146	139
Total Disclosure Dollar Loss (DDL)	\$31,749	\$31,151	\$248,974	\$586,103
Settlements Summary				
Number of Settlements	33	43	54	62
Total Settlement Value	\$817	\$1,365	\$1,116	\$2,440
Median Settlement	\$8.1	\$15.5	\$9.1	\$9.0
Average Settlement	\$24.7	\$31.7	\$20.7	\$39.4

Note: Dollar values are adjusted for inflation; 2022 dollar-equivalent figures are presented.

Median Settlements as a Percentage of “Simplified Tiered Damages”

- Since cases tend to settle for lower percentages of damages as damages increase, the lower median settlement as a percentage of “simplified tiered damages” for settled accounting cases involving GAAP allegations in 2022 was in part due to the notable increase in “simplified tiered damages,” compared to the 2013–2021 period.
- After a relatively low settlement amount as a percentage of “simplified tiered damages” in 2021, restatement cases settled for the highest proportion of “simplified tiered damages” in 2022, consistent with the prior nine-year period.

The median settlement as a percentage of “simplified tiered damages” was almost 20% higher for cases involving GAAP allegations in 2022 compared to non-accounting cases.

- Of the 13 settlements involving restatements in 2022, one involved related criminal allegations and seven involved accompanying derivative actions. Both of these factors are generally associated with higher settlements. See [Securities Class Action Settlements—2022 Review and Analysis](#) for further discussion.

Figure 20: Median Settlements as a Percentage of “Simplified Tiered Damages” by Case Type

