UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL CLASS ACTION

DECLARATION OF DAVID R. STICKNEY
IN SUPPORT OF LEAD PLAINTIFF'S MOTION FOR FINAL APPROVAL OF THE PROPOSED SETTLEMENT, THE PLAN OF ALLOCATION, AND LEAD COUNSEL'S REQUEST FOR ATTORNEYS' FEES AND EXPENSES

BRESKIN | JOHNSON | TOWNSEND PLLC
1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

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BRESKIN | JOHNSON | TOWNSEND PLLC
1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

BRESKIN | JOHNSON | TOWNSEND PLLC
1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

EXHIBIT LIST

Ex. #	Description
1	Declaration of Jed D. Melnick, Esq. in Support of Final Approval of Class Action Settlement ("Melnick Decl.")
2	Declaration of Fariba F. Ghodsian on Behalf of Lead Plaintiff's Motion for Final Approval of the Proposed Settlement, Plan of Allocation; and Lead Counsel's Request for Attorneys' Fees and Expenses ("Ghodsian Decl.")
3	Declaration of Jennifer M. Bareither Regarding (A) Mailing of Notice and Claim Form; (B) Publication of Summary Notice; and (C) Report on Requests for Exclusion Received to Date ("Bareither Decl.")
4	Declaration of Bjorn I. Steinholt, CFA in Support of the Proposed Plan of Allocation ("Steinholt Decl.")
5	Compendium of Lead Counsel's Lodestar and Expense Information 5A – Summary of Plaintiffs' Counsel's Lodestar and Expenses 5B – Lead Counsel BLB&G's Time Report 5C – Lead Counsel BLB&G's Expense Report
6	BLB&G Firm Resume
7	Declaration of Roger M. Townsend in Support of Lead Counsel's Request for An Award of Attorneys' Fees and Reimbursement of Litigation Expenses Filed on Behalf of Breskin, Johnson & Townsend PLLC
8	Cornerstone Research, *Securities Class Action Settlements, 2016 Review and Analysis* (2017) ("Cornerstone 2016 Report")
9	Stefan Boettrich and Svetlana Starykh, *Recent Trends in Securities Class Action Litigation: 2016 Full-Year Review* (2017) ("NERA 2016 Report")

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

1. I am a partner of the law firm Bernstein Litowitz Berger & Grossmann LLP ("BLB&G" or "Lead Counsel"). BLB&G is the Court-appointed Lead Counsel for Lead Plaintiff DAFNA LifeScience, LP and DAFNA LifeScience Select, LP (collectively, "DAFNA" or "Lead Plaintiff") and counsel for additional Plaintiff Michael Lee. ECF No. 50. I have personal knowledge of the matters set forth herein based upon my close supervision and active participation in the prosecution and settlement of the Action.

2. I respectfully submit this Declaration in support of Lead Plaintiff's Motion for Final Approval of the Proposed Settlement, the Plan of Allocation, and Lead Counsel's Request for Attorneys' Fees and Expenses (the "Final Approval Motion").[1]

3. In light of the Court's familiarity with the litigation, this Declaration does not seek to detail each and every event during the Action. Rather, this Declaration provides the Court with a summary of the prosecution of the Action, the events leading to the Settlement, the basis upon which Lead Counsel and Lead Plaintiff recommend the Settlement's approval, and the basis for approval of Lead Counsel's request for attorneys' fees and reimbursement of litigation expenses.

4. Attached to this Declaration are true and correct copies of the documents identified in the Exhibit List.

OVERVIEW

5. Lead Plaintiff has obtained a recovery of $20 million in cash for the benefit of the Settlement Class. Lead Counsel and Lead Plaintiff respectfully submit that this recovery is an excellent result for the Settlement Class considering the challenges and risks in this litigation. To put the recovery into context, it represents approximately 25% of estimated damages and is many multiples higher than the average recoveries in securities class actions of similar size.

[1] Unless otherwise stated, capitalized terms have the meanings set forth in the Stipulation and Agreement of Settlement dated September 15, 2017 (ECF No. 106-2).

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6. Although Lead Plaintiff and Lead Counsel believe that the claims asserted are meritorious, continued litigation through trial and likely appeals posed significant risks that made any recovery uncertain. Even if Lead Plaintiff were successful at trial and on appeal, Lead Plaintiff might have been unable to collect on a substantial judgment against Defendants. CTI's financial condition deteriorated during the course of this litigation, and its resources are extremely limited. On March 2, 2017, the Company reported in its SEC Form 10-K that its auditor held "substantial doubt about [CTI's] ability to continue as a going concern." CTI further reported that, as of March 2017, it had accumulated a deficit of $2.2 billion, it expected to continue to incur net losses, and its current cash holdings could fund its operations only into the third quarter of 2017. In addition, the assets of James Bianco and the other Individual Defendants were limited and could not support a substantial judgment. Moreover, the Company has indemnity obligations to the Underwriter Defendants. CTI's liability insurance, meanwhile, is a wasting asset that would have been substantially reduced, if not depleted entirely, by extended litigation. Accordingly, if Lead Plaintiff elected to proceed with protracted litigation through trial, there is substantial doubt that Lead Plaintiff and the class would be able to obtain a recovery of $20 million. In contrast, the Settlement allows the Settlement Class to obtain a meaningful recovery at this time from combined payments by insurers and the Company.

7. The $20 million recovery is the result of Lead Counsel's diligent prosecution of the Action, development of a compelling record up to this point and extensive settlement negotiations. These settlement negotiations spanned across several months and included two, in-person mediation sessions and a series of telephonic discussions, which were facilitated by Jed D. Melnick, Esq., of JAMS ADR, an experienced mediator of securities class actions and other complex litigation. *See* Ex. 1 (Melnick Decl.), ¶¶ 4-9. Plaintiffs' prosecution of the Action included a detailed investigation and an analysis of information about CTI and pacritinib, interviews with numerous former employees of CTI and other industry participants, the use of

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Freedom of Information Act ("FOIA") requests to obtain documents from the Food and Drug Administration ("FDA"), extensive consultation with experts in FDA standards and regulations and with experts on damages and loss causation issues, the drafting of a detailed complaint based on Lead Counsel's investigation, and the drafting of an opposition to Defendants' motions to dismiss. As part of the mediation process, Plaintiffs also reviewed certain internal, core CTI documents relevant to this matter.

8. Thus, by the time the Settlement was reached, Lead Plaintiff and Lead Counsel had a thorough and realistic understanding of the strengths and weaknesses of the Parties' positions concerning liability and damages, their respective abilities to prove or defend the claims at trial, and Defendants' ability to pay a substantial judgment. Lead Plaintiff and Lead Counsel respectfully submit that, considering the risks of continued litigation and the time and expense which would be incurred to prosecute the Action through a trial, the $20 million Settlement represents an excellent result that is in the best interests of the Settlement Class. *See* Ex. 2 (Ghodsian Decl.), ¶ 5.

9. In connection with the Settlement, Lead Plaintiff proposes a Plan of Allocation to equitably distribute the Net Settlement Fund to Settlement Class Members who submit valid Claim Forms. Lead Counsel developed the Plan of Allocation in consultation with Lead Plaintiff's damages expert, whose declaration in support of the Plan of Allocation is attached hereto as Ex. 4 (Steinholt Decl.). The proposed Plan of Allocation is substantially the same as plans that have been used successfully to distribute recoveries in securities class actions in the Ninth Circuit and throughout the country. As discussed further below, the Plan of Allocation calculates Recognized Loss Amounts for purposes of making a *pro rata* distribution of the Net Settlement Fund. The calculation for purchasers of CTI Series N-1 and N-2 Preferred Stock is based on the statutory measure of damages under Section 11 of the Securities Act and enhanced by 20% to reflect the relative strength of such claims. The calculation for purchasers of CTI common stock is based on

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

an event study that measures the amount of artificial inflation in CTI common stock during the Class Period.

10. In addition, Lead Counsel respectfully submits that the requested attorneys' fees of 20% of the Settlement Fund and the request for reimbursement of $123,211.61 in litigation expenses, as well as reimbursement of $18,362.50 in litigation costs incurred by Lead Plaintiff DAFNA (collectively, the "Fee and Expense Application"), are fair, reasonable, and consistent with requests approved in similar actions.

11. Lead Plaintiff endorses the Settlement and supports Lead Counsel's fee and expense request. *See* Ex. 2 (Ghodsian Decl.), ¶¶ 5-8. Lead Plaintiff's endorsement of the Settlement and support of Lead Counsel's fee and expense request is informed by Lead Plaintiff's active oversight and communications with Lead Counsel, as well as its active involvement in the litigation and settlement negotiations. *Id.* ¶¶ 3-5.

12. For all of the reasons discussed in this Declaration, its attached Exhibits, and in the accompanying Final Approval Motion, Lead Plaintiff and Lead Counsel respectfully submit that the Settlement and the Plan of Allocation are fair, reasonable, and adequate and should be approved. In addition, Lead Counsel respectfully submits that the request for attorneys' fees and reimbursement of Litigation Expenses is fair, reasonable, and should be approved.

I. THE PROSECUTION OF THE ACTION

A. Commencement Of The Action And Appointment Of Lead Plaintiff

13. This securities fraud class action was commenced on February 10, 2016, with the filing of an initial securities class action complaint alleging claims against CTI and the Individual Defendants filed in the United States District Court for the Southern District of New York, styled *Ahrens v. CTI BioPharma Corp.*, No. 1:16-cv-01044-PAE ("*Ahrens*"). On February 12, 2016, a securities class action complaint alleging substantially identical claims was filed in the Western

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

District of Washington, *McGlothin v. CTI BioPharma Corp.*, No. 2:16-cv-00216-RSL ("*McGlothin*"). ECF No. 1.

14. On April 11, 2016, DAFNA moved for appointment as the lead plaintiff in both *Ahrens* and *McGlothin*. Other investors filed competing motions for appointment as the lead plaintiff. On May 2, 2016, certain defendants in *Ahrens* moved to transfer the case from New York to this Court. DAFNA filed a statement in support of the motion to transfer. By Order dated May 19, 2016, the Southern District of New York granted the motion to transfer *Ahrens* to the Western District of Washington, where it was docketed as *Ahrens v. CTI BioPharma Corp.*, No. 2:16-cv-00796-JPD.

15. DAFNA initiated and, on June 3, 2016, filed a Stipulation and Proposed Order consolidating *Ahrens* and *McGlothin* for all purposes. ECF No. 26. On June 13, 2016, this Court entered the proposed order consolidating the cases and ordered that the consolidated action be re-captioned as *In re CTI BioPharma Corp. Securities Litigation*, No. 16-cv-216-RSL. ECF No. 31.

16. Following further briefing on the motion for appointment of a lead plaintiff and a hearing on August 25, 2016, the Court appointed DAFNA as Lead Plaintiff for the consolidated action pursuant to the Private Securities Litigation Reform Act of 1995 (the "PSLRA") and approved Lead Plaintiff's selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel for the class. ECF No. 50.

B. Lead Plaintiff's Investigation And Preparation Of The Consolidated Class Action Complaint

17. Lead Counsel undertook a thorough factual and legal investigation in connection with this Action. As part of its investigation, Lead Counsel conducted a thorough review and analysis of, among other things: (a) CTI's public filings with the Securities and Exchange Commission (the "SEC"); (b) research reports by securities and financial analysts; (c) transcripts of CTI's conference calls with analysts and investors; (d) CTI's and medical expert's presentations

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

and analyses; (e) news and media concerning the Company, its competitors and pacritinib; and (f) data reflecting the pricing of CTI securities. Lead Counsel's investigation also included consultation with experts in FDA standards and regulations, damages in securities actions, and loss causation issues.

18. As part of its investigation, Lead Counsel spoke with former employees of CTI and other industry participants. In total, Lead Counsel spoke with over two dozen former CTI employees, including former employees with direct knowledge of pacritinib's clinical trials and the recommendations of the Independent Data Monitoring Committee ("IDMC"). In addition, Lead Counsel spoke with other industry participants, including persons with significant experience working in clinical trials and drug safety. Facts provided by these witnesses informed numerous allegations contained in the Complaint, as well as contributed to Lead Plaintiff's understanding of the strengths and weaknesses of the case.

19. During the course of its investigation, Lead Counsel also submitted a FOIA request to the FDA. The request sought documents and information related to CTI and pacritinib. The documents received from the FDA pursuant to the FOIA request further informed the allegations contained in the Complaint.

20. On November 8, 2016, Lead Plaintiff and additional plaintiff Michael Li filed the Consolidated Class Action Complaint (the "Complaint") on behalf of purchasers of CTI securities from March 9, 2015 through February 9, 2016. ECF No. 65. The Complaint, which includes 70 pages of detailed allegations, asserts claims under Section 11 of the Securities Act of 1933 (the "Securities Act") against CTI, the Individual Defendants and the Underwriter Defendants; claims under Section 12(a)(2) of the Securities Act against the Underwriter Defendants; and claims under Section 15 of the Securities Act against James A. Bianco. The Complaint alleges that the Offering Materials issued by Defendants in connection with the October 2015 offering of CTI Series N-1 Preferred Stock and the December 2015 offering of CTI Series N-2 Preferred Stock contained

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

materially false statements and misleading omissions concerning CTI's drug candidate, pacritinib, and the results of a Phase III trial of that drug.

21. The Complaint also asserts claims arising under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, against CTI and James Bianco; and claims under Section 20(a) of the Exchange Act against James Bianco. The Complaint alleges that CTI and James Bianco made misstatements and omissions concerning pacritinib, including during investor presentations and conference calls. The Complaint further alleges that these alleged misstatements and omissions were made with scienter and that the truth concealed by the alleged misstatements and omissions was revealed on February 8 and 9, 2016, when CTI disclosed that the FDA had placed holds on the clinical trials for pacritinib.

C. Defendants' Motions to Dismiss

22. On January 9, 2017, Defendants filed their motions to dismiss the Complaint. ECF Nos. 85, 87. The CTI Defendants argued that the Complaint did not plead any actionable misrepresentations or omissions, scienter, or reliance under Section 10(b). According to the CTI Defendants, the Complaint did not include facts showing that CTI's and Bianco's statements about pacritinib's clinical trials were false or misleading. In addition, the CTI Defendants argued that the IDMC's recommendation to stop the clinical trials was non-binding, immaterial, based on a statistically insignificant discrepancy, and did not require disclosure. ECF No. 85 at 2, 19-23.

23. The CTI Defendants also contended that the Complaint failed to raise a strong inference that CTI and James Bianco acted with scienter. The CTI Defendants contended that the Complaint alleged no facts demonstrating that CTI or Bianco believed that the FDA would reject pacritinib based on the clinical trial results, noting that the Complaint did not include any allegation of insider stock sales by Bianco. ECF No. 85 at 11-18. In addition, the CTI Defendants also argued that Lead Plaintiff could not establish that investors relied upon the alleged misrepresentations and omissions because they were immaterial. *Id*. at 24-25. The CTI

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Seattle, Washington 98104 Tel: 206-652-8660

Defendants further contended that investors could not have relied on any of the alleged misrepresentations concerning the IDMC before September 23, 2015 because no IDMC-related statements were made by CTI or Bianco before that date. *Id*. at 24-25. Finally, the CTI Defendants argued that the Complaint did not adequately allege that CTI's and Bianco's purported conduct caused Lead Plaintiff's losses because, according to the CTI Defendants, the February 2016 disclosures did not even discuss the IDMC's recommendation. *Id*. at 25-27.

24. With respect to the Securities Act claims, the CTI Defendants – joined by the Underwriter Defendants – vigorously argued that the Complaint did not identify any material misrepresentations or omissions in the Offering Materials. ECF No. 85 at 28-31; ECF No. 87 at 2-4. The Individual Defendants additionally argued that they could not be held liable under the Securities Act for any purported misstatements in the Offering Materials because the alleged false statements were contained in prospectus supplements – *i.e.*, not in the original registration statement. ECF No. 85 at 31-32. Each of these arguments, if accepted by the Court at the motion to dismiss or summary judgment stage, threatened to eliminate or reduce any potential recovery for the class.

25. On February 6, 2017, Plaintiffs filed their opposition to Defendants' motions to dismiss (ECF No. 91) and, on February 22, 2017, Defendants filed their reply papers. ECF Nos. 92-94. On June 15, 2017, Plaintiffs filed a Notice of Recent Authority in further support of their opposition to Defendants' motions. ECF No. 100.

26. While Defendants' motions to dismiss were being briefed and pending before the Court, Lead Counsel continued to investigate the claims. Lead Plaintiff and Lead Counsel also monitored CTI's financial condition, which deteriorated markedly during the pendency of this Action. Indeed, CTI's stock price declined by well over 60% during 2016, from $1.23 at the close on December 31, 2015 to $0.41 at the close on December 30, 2016 and continued its decline in 2017 with plunging revenue and the withdrawal of the New Drug Application for pacritinib. In

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Seattle, Washington 98104 Tel: 206-652-8660

addition, CTI received a notification from NASDAQ that the Company would be delisted if it did not regain compliance with the minimum $1.00 per share price required for listing of common stock on the NASDAQ, which forced CTI to conduct a 1-for-10 reverse stock split of its common stock in order to allow it to return to compliance with this NASDAQ rule. CTI's stock price continues to struggle and, when adjusted to account for the Company's reverse stock split, is currently trading at less than 30% of its price during the Class Period just prior to the Company's February 2016 disclosures.

D. Mediation Efforts

27. In February 2017, Lead Plaintiff and the CTI Defendants engaged Jed Melnick of JAMS, an alternative dispute resolution provider that specializes in mediating complex, multi-party business and commercial cases. Mr. Melnick is a nationally-regarded mediator who has mediated over 1,000 disputes, including securities class actions. Mr. Melnick's mediation experience includes mediating major securities class actions involving Adelphia, Enron, and Lehman Brothers, as well as other major NYSE and NASDAQ corporations.

28. The Parties participated in two, in-person mediation sessions before Mr. Melnick. The first session occurred on March 29, 2017, in New York. In advance of the first mediation session, Lead Plaintiff and the CTI Defendants exchanged detailed confidential mediation statements, which were then submitted to Mr. Melnick. The mediation statements contained the Parties' respective views on liability, damages and CTI's financial condition. As part of the mediation process, CTI also provided Lead Counsel with certain core internal CTI documents relevant to the Parties' dispute, which further informed Lead Plaintiff's understanding of the strengths and weaknesses of its case.

29. Despite the Parties' good faith negotiations, the March 29, 2017 mediation session ended with the Parties far apart and without any agreement being reached. Following the first

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

mediation session, however, Lead Plaintiff and the CTI Defendants continued to exchange information and remained in contact with the assistance of Mr. Melnick.

30. On June 26, 2017, Lead Plaintiff and the CTI Defendants convened for a second mediation session in New York. In advance of the mediation session, the Parties exchanged supplemental mediation briefs to address developments since the first mediation, including CTI's deteriorating financial condition. The second mediation session again ended with the Parties at an impasse and without reaching agreement.

31. To break the impasse, the Mediator propounded to both sides a double-blind, mediator's proposal to resolve the Action. Lead Plaintiff thereafter made a non-negotiable demand of $20 million in cash to resolve the Parties' dispute, subject to Court approval. On August 3, 2017, the Parties reached an agreement in principle to settle the Action for a cash payment of $20 million for the benefit of the Settlement Class, which was memorialized in a term sheet executed that day (the "Term Sheet").

E. Consultation with Experts

32. Throughout the litigation, Lead Counsel consulted extensively with experts regarding FDA standards and regulations. Lead Counsel also consulted extensively with experts regarding damages and loss causation issues in complex securities litigation. These experts were consulted during Lead Counsel's preparation of the Complaint and opposition to Defendants' motions to dismiss, as well as during the mediation process and settlement negotiations.

33. Lead Counsel consulted with Richard Guarino, M.D., an expert on the FDA's standards and regulations for the drug approval process with over 40 years of experience in the pharmaceutical industry. Lead Counsel benefited from Dr. Guarino's analyses and expertise when preparing the Complaint. The Complaint directly quotes Dr. Guarino and contains his expert opinions about, among other things, FDA regulations, clinical trials, and clinical holds.

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

34. Lead Counsel also consulted with Bjorn Steinholt, a financial economist and Managing Director at Caliber Advisors, a full-service valuation and economic consulting firm with offices in San Diego, California, and Chicago, Illinois. Mr. Steinholt has more than 25 years of experience providing capital markets consulting and frequently serves as an expert in complex securities litigation on damages and loss causation issues. Mr. Steinholt provided assistance to Lead Counsel in calculating estimated damages and advising on loss causation. Mr. Steinholt also assisted Lead Counsel in preparing a fair and equitable plan to allocate the settlement proceeds among Settlement Class Members based on the legal claims asserted and the economic damages suffered by Settlement Class Members.

II. THE SIGNIFICANT CHALLENGES AND RISKS OF THE ACTION

35. The risk that Lead Plaintiff and the class would not secure a meaningful recovery was very real in this case. Indeed, there was no assurance that the Court would sustain Plaintiffs' claims or that Plaintiffs would overcome later dispositive motions. As explained below, Defendants had substantial defenses with respect to liability, loss causation, and damages.

A. Risks Of Proving Liability

36. Defendants vigorously argued that they did not make any material misstatements or omissions. Defendants contended that their purported failure to disclose mortality data from the PERSIST-1 study of pacritinib was not material because there was no statistically significant imbalance in the mortality rates between the two arms of the PERSIST-1 study. Defendants also argued that there was no duty to disclose the IDMC's recommendations because those recommendations were non-binding and, accordingly, immaterial under federal securities laws. Defendants further contended that, even if Lead Plaintiff's IDMC-related allegations were actionable, Lead Plaintiff could not establish any actionable IDMC-related misstatement or omission until September 23, 2015, which is when Defendants first began publicly discussing the IDMC's recommendations for the PERSIST-1 study.

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

37. Defendants made additional arguments that the Company fully disclosed the risks that the FDA might delay or fail to approve pacritinib, as well as that the FDA's clinical hold was merely the materialization of a known risk. Defendants further contended that CTI fully disclosed its communications with the FDA seeking further guidance on PERSIST-1's cross-over design, warning investors that any future announcements regarding clinical trial results and other regulatory actions would significantly affect the Company's stock price.

38. The Exchange Act Defendants also raised potentially threatening arguments that they did not act with scienter. According to the Exchange Act Defendants, Lead Plaintiff did not allege any facts demonstrating that CTI and Bianco did not believe that pacritinib would gain regulatory approval. In support of these arguments, Defendants noted that multiple independent statisticians and clinicians disagreed with the FDA and that, shortly after Lead Plaintiff filed its complaint, the FDA removed its clinical hold for pacritinib.

39. If Defendants prevailed on their falsity or scienter arguments, Lead Plaintiff and the class may have recovered nothing at all.

B. Risks Of Proving Reliance, Loss Causation and Damages

40. Even assuming that Lead Plaintiff successfully established that Defendants made actionable misstatements and omissions with scienter, Lead Plaintiff also faced risks in proving reliance, damages and loss causation. Defendants contended, and would continue to contend, that Lead Plaintiff could not show that investors relied on CTI's and Bianco's alleged misrepresentations and omissions. According to Defendants, Lead Plaintiff could not demonstrate reliance because (i) the *Affiliated Ute* presumption of reliance was inapplicable; (ii) the efficient-market presumption of reliance did not apply because the alleged misstatements were immaterial; and (iii) investors could not have relied on any misrepresentations or omissions concerning CTI's IDMC prior to September 23, 2015, because no IDMC-specific statements were made before that date.

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41. Defendants raised additional arguments that Lead Plaintiff could not establish loss causation for the Exchange Act claims. Among other things, Defendants contended that the corrective disclosures in February 2016 of a clinical hold did not disclose any facts concerning the IDMC's recommendations. If Defendants had succeeded on this or any other of these substantial defenses, Lead Plaintiff and the class would have recovered nothing at all or likely substantially less than the Settlement Amount.

C. Ability-to-Pay Risks

42. Defendants' inability to pay a substantial judgment also factored into Lead Plaintiff's decision to resolve the case for $20 million at this time. CTI's financial condition weakened throughout the litigation. On March 2, 2017, the Company reported in its Form 10-K filed with the SEC that its auditor had "substantial doubt about [its] ability to continue as a going concern." CTI further reported that its deficit increased to $2.2 billion, that it would continue to incur net losses, and that its cash holdings could only fund its operations into the third quarter of 2017. Accordingly, there was a substantial risk that, even if successful at trial, Lead Plaintiff and the class would be unable to obtain a recovery of an amount equal to or greater than the $20 million settlement.

43. CTI's precarious financial condition and the limited resources of the Individual Defendants meant that their insurance coverage was the most available source for a substantial recovery for investors in this case. CTI's liability insurance is a wasting asset that was rapidly being depleted by defense costs from this Action and an ongoing SEC investigation. Such insurance policies would be completely wasted if this case proceeded into discovery, trial and appeals.

44. Lead Counsel also obtained information about the financial resources of the Individual Defendants, including James Bianco, the only other Defendant against whom Exchange

Act claims for purchasers of CTI common stock were asserted. Lead Counsel concluded that those assets were limited and not sufficient to satisfy a substantial judgment.

45. As a result of the above factors – including CTI's deteriorating financial position and indemnity obligations, the limited insurance, and the limited assets of the individuals – Lead Plaintiff and Lead Counsel believed that there was a very substantial risk that, even if Lead Plaintiff prevailed on all issues through the remainder of the litigation and secured a verdict at trial, such a victory might be hollow because the CTI Defendants would not be able to fund that judgment. Lead Plaintiff also faced the real risk that CTI might become insolvent, which would stay the Action against CTI, making any recovery against the Company difficult and delayed. In contrast, the proposed Settlement, which obtains all available CTI insurance and additional amounts from the Company itself, allows Lead Plaintiff and the class to maximize the amount of their recovery.

46. The significant risk that continued litigation may yield a smaller recovery several years into the future further supported entering into the Settlement.

D. Other Risks

47. Continued litigation in this Action, including appeals, could possibly extend for years and might ultimately lead to a smaller recovery, or no recovery at all. In order to succeed in this litigation, Lead Plaintiff would need to prevail at several distinct stages of the litigation, including on the pending motions to dismiss, a motion for class certification, an expected motion for summary judgment, and at trial. Even if Plaintiffs prevailed at all of these stages, Defendants would likely appeal any judgment. On appeal, Defendants would be able to renew their arguments as to why Lead Plaintiff had failed to establish liability and damages, thereby exposing Plaintiffs to the risk of having any favorable judgment reversed or reduced.

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E. The Settlement Is Reasonable In Light Of The Risks And The Potential Recovery In The Action

48. The $20 million cash Settlement Amount is also fair and reasonable when considered as a percentage of the estimated recoverable damages. Lead Plaintiff's expert estimates, based on his expert judgment and a traditional event study, that per share damages for common stock converted from Series N-1 and N-2 Preferred Stock were a maximum of $0.95 and $0.80, respectively, and that for all other shares, the per share damages are between $0.14 and $0.79. Lead Plaintiff's expert further estimates, based on certain necessary assumptions, that the class's total aggregate damages are approximately $80 million, making the $20 million settlement a recovery of 25% of the potential damages. In contrast, Defendants contend that there were no damages at all, or that such damages were well below $20 million.

49. Investors' recovery of approximately 25% of their damages is far above most settlements in securities class actions. A recent study by NERA analyzing securities settlements in similarly-sized actions between 1996 and 2016 concluded that the median settlement is 4.7% of investor losses. *See* Ex. 9 (NERA 2016 Report) at 36, fig. 29. A similar study from Cornerstone Research found that investors recovered approximately 4.5% of their damages for securities class actions where damages ranged between $50 million and $124 million. *See* Ex. 8 (Cornerstone 2016 Report) at 8, fig. 7. By contrast, the recovery of 25% here is many multiples of such recoveries.

* * *

50. In sum, Lead Plaintiff and Lead Counsel believe that the Settlement Class's immediate recovery of $20 million through the Settlement is an excellent result, particularly in light of the significant risks of continued litigation and the maximum potential recovery if the case went to trial and through appeals.

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

III. THE SETTLEMENT

51. While Defendants' motions to dismiss the Complaint were pending, the Parties participated in extensive settlement negotiations over several months. As discussed above, the Parties participated in two, in-person mediation sessions before Mr. Melnick and other additional settlement negotiations assisted by Mr. Melnick before reaching an agreement in principle to settle the Action for $20 million.

52. Mr. Melnick has submitted a declaration in support of the Settlement, which provides a summary of the negotiations. *See* Ex. 1 (Melnick Decl.), ¶¶ 5-8. In his declaration, Mr. Melnick explains his "involvement in the negotiations, review and analysis of the Parties' mediation submissions, extensive communications with the parties, and assessment of the risks inherent in this litigation." *Id.* ¶ 9. He further details how the "mediation process involved significant disputed issues and hard-fought, arm's-length negotiations." *Id.* Based on his extensive involvement in the negotiations and independent review of the mediation submissions, Mr. Melnick determined that the proposed Settlement is a "reasonable resolution of the Action for the Parties." *Id.*

53. After reaching an agreement in principle, the Parties negotiated and submitted to the Court on September 1, 2017 a detailed Stipulation and Agreement of Settlement. ECF No. 103-2. The Stipulation and Agreement of Settlement was revised on September 15, 2017 (ECF No. 106-2) to include CTI's insurers as released parties. The Stipulation and Agreement of Settlement was the product of extensive negotiation among the Parties, with Lead Counsel ensuring that the Stipulation accurately memorialized the Settlement and most benefited the Settlement Class.

IV. PLAN OF ALLOCATION

54. The Net Settlement Fund will be distributed according to the plan of allocation approved by the Court.

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1000 Second Avenue, Suite 3670
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55. Lead Plaintiff's proposed plan of allocation (the "Plan of Allocation") was set forth in full in the Notice mailed to potential Settlement Class Members. Lead Counsel developed the Plan of Allocation in consultation with Lead Plaintiff's damages expert, Bjorn Steinholt. *See* Ex. 4 (Steinholt Decl.), ¶¶ 4-20. Lead Counsel and Lead Plaintiff believe that the Plan provides a fair and reasonable method to equitably distribute the Net Settlement Fund among Authorized Claimants (*i.e.*, those Settlement Class Members whose claims are timely submitted and then verified by the Claims Administrator).

56. The Plan of Allocation provides for distribution of the Net Settlement Fund among Authorized Claimants on a *pro rata* basis based on the formula described in detail in the Notice. The Plan of Allocation is divided into two parts. The first part governs purchases or acquisitions of CTI Series N-1 or Series N-2 Preferred Stock ("Preferred Stock") that converted to common stock with Section 11 claims; and the second part governs purchases or acquisitions of CTI common stock (other than through conversions from Preferred Stock) that have only Section 10(b) claims. *See* Ex. 4 (Steinholt Decl.), ¶ 8.

57. As detailed in the Steinholt Declaration, the calculation of Recognized Loss Amounts for purchases and acquisitions of the CTI Series N-1 and N-2 Preferred Stock is based on the statutory damage formula applicable to claims under Section 11, 15 U.S.C. § 77k. To reflect the fact that claims under Section 11 have lower burdens of pleading and proof than claims under Section 10(b), the Recognized Loss Amounts for purchases of the Preferred Stock are 120% of the calculated amount. *See* Ex. 4 (Steinholt Decl.), ¶¶ 9-11; Notice ¶ 54.

58. Recognized Loss Amounts for purchases and acquisitions of CTI common stock under the Plan of Allocation are calculated based on the difference between the amount of estimated alleged artificial inflation in CTI common stock at the time of purchase and the time of sale. The amount of estimated inflation in CTI common stock during the Class Period was determined by an event study conducted by Lead Plaintiff's expert according to a well-accepted

event study methodology. *See* Ex. 4 (Steinholt Decl.), ¶¶ 12-15. For shares of CTI common stock sold before the first corrective disclosure on February 8, 2016, there is no Recognized Loss because any losses on these shares did not result from any disclosure of the alleged fraud. *Id*. ¶ 16. The Plan of Allocation also limits a Settlement Class Member's Recognized Loss Amount to the difference between (i) the actual purchase price of the CTI common stock; and (ii) the sales price of the common stock or, where applicable, the price set by the PSLRA's 90-Day Bounce Back Rule. *Id*. ¶ 17.

59. Under the Plan of Allocation, a "Recognized Claim" is calculated for each Claimant, which is the sum of the Recognized Loss Amounts calculated for all of its purchases or acquisitions of CTI Securities during the Class Period. The Net Settlement Fund will be distributed on a *pro rata* basis based on the amount of the Claimants' respective Recognized Claim amounts.

60. Lead Counsel and Lead Plaintiff submit that the Plan of Allocation fairly and equitably allocates the proceeds of the Net Settlement Fund among Authorized Claimants based on the claims asserted and the losses suffered on transactions in CTI Securities attributable to the conduct alleged in the Action.

V. NOTICE TO THE SETTLEMENT CLASS AND CLASS REACTION TO DATE

61. The Court's October 24, 2017 Order Preliminarily Approving Settlement and Providing for Notice (ECF No. 107) (the "Preliminary Approval Order") directed that the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice") and Proof of Claim and Release Form ("Claim Form") be disseminated to the Settlement Class. The Preliminary Approval Order also set a January 11, 2018 deadline for Settlement Class Members to submit objections to the Settlement, the Plan of Allocation and/or the Fee and Expense Application

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or to request exclusion from the Settlement Class, and set a final approval hearing date of February 1, 2018.

62. Pursuant to the Preliminary Approval Order, the Court appointed Garden City Group, LLC ("GCG or the "Claims Administrator") to supervise and administer the notice procedure in connection with the proposed Settlement and the processing of claims.

63. Lead Counsel instructed GCG to begin disseminating copies of the Notice and the Claim Form by mail and to publish the Summary Notice. The Notice contains, among other things, a description of the Action, the Settlement and the proposed Plan of Allocation. The Notice also describes the Settlement Class Members' rights to participate in the Settlement, object to the Settlement, or exclude themselves from the Settlement Class. The Notice also informed Settlement Class Members of Lead Counsel's intent to apply for an award of attorneys' fees in an amount not to exceed 20% of the Settlement Fund (*i.e.*, 20% of the Settlement Amount and any interest accrued), and for reimbursement of Litigation Expenses in an amount not to exceed $200,000.

64. To disseminate the Notice, GCG obtained information from CTI, the Underwriter Defendants, and from the banks, brokers and other nominees regarding the names and addresses of potential Settlement Class Members. *See* Declaration of Jennifer M. Bareither Regarding (A) Mailing of Notice and Claim Form; (B) Publication of Summary Notice; and (C) Report on Requests for Exclusion Received to Date ("Bareither Decl."), attached hereto as Exhibit 3, ¶¶ 3-4.

65. GCG began mailing copies of the Notice and Claim Form (together, the "Notice Packet") to potential Settlement Class Members and nominee owners on November 9, 2017. *See* Ex. 3 (Bareither Decl.), ¶¶ 3-4. As of December 26, 2017, GCG had disseminated a total of 18,139 Notice Packets by first-class mail to potential Settlement Class Members and nominees. *Id.* ¶ 7.

66. On November 20, 2017, in accordance with the Preliminary Approval Order, GCG caused the Summary Notice to be published in *Investor's Business Daily* and to be transmitted over the *PR Newswire*. *Id.* ¶ 8.

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67. Lead Counsel also caused GCG to establish a dedicated settlement website, www.CTIBiopharmaSecuritiesSettlement.com, to provide potential Settlement Class Members with information concerning the Settlement and access to downloadable copies of the Notice and Claim Form, as well as copies of the Stipulation, Preliminary Approval Order and Complaint. *See* Ex. 3 (Bareither Decl.), ¶ 10. Lead Counsel also made copies of the Notice and Claim Form available on its own website, www.blbglaw.com, beginning on November 9, 2017.

68. The deadline for Settlement Class Members to file objections to the Settlement, the Plan of Allocation and/or the Fee and Expense Application, or to request exclusion from the Settlement Class is January 11, 2018. To date, no objections to the Settlement, the Plan of Allocation or Lead Counsel's Fee and Expense Application have been received. Nor have any requests for exclusion been received. *See* Ex. 3 (Bareither Decl.), ¶ 11. Lead Counsel will file reply papers on or before January 25, 2018, seven calendar days before the Settlement Hearing, that will address any requests for exclusion or objections that may be received.

VI. ATTORNEYS' FEES AND LITIGATION EXPENSES

69. Lead Counsel, on behalf of itself and Local Counsel Breskin Johnson Townsend PLLC ("BJT"), is requesting an award of attorneys' fees of 20% percent of the Settlement Fund, including interest, and reimbursement of $123,211.61 in Litigation Expenses incurred in the pursuit of the Action.

A. The Fee Application

70. Lead Counsel respectfully submits that the requested fee award is reasonable, particularly in light of the result achieved, the quality of the work performed, the significant risks of the litigation, and the fully contingent nature of the representation. As discussed in the Final Approval Motion, a 20% fee award is fair and reasonable for attorneys' fees in common-fund cases like this and is well within the range of percentages awarded in class actions in this District and Circuit for comparable settlements.

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1. Lead Plaintiff Has Authorized And Supports The Fee Application

71. Lead Plaintiff DAFNA is a sophisticated institutional investor that closely supervised and participated in the prosecution and settlement of the Action. *See* Ex. 2 (Ghodsian Decl.), ¶¶ 2-4. Lead Plaintiff has evaluated the fee application and supports the fee requested. *Id.* ¶ 7. The fee requested is consistent with an agreement entered into between Lead Plaintiff and Lead Counsel at the outset of the litigation. *Id.* After the agreement to settle the Action was reached, Lead Plaintiff approved the proposed fee as consistent with the agreement and believes it is fair and reasonable in light of the result obtained, the work performed by Lead Counsel and the risks of the litigation. *Id.*

2. Lead Counsel Undertook Significant Financial Risk

72. The prosecution of this Action was undertaken by Lead Counsel entirely on a contingent-fee basis. Lead Counsel received no compensation during the course of the Action and, meanwhile, incurred over $120,000 in litigation expenses in prosecuting the Action for the benefit of the Settlement Class. The risks assumed by Lead Counsel in bringing these claims to a successful conclusion are described above at ¶¶ 35-50. Those risks are also relevant to an award of attorneys' fees.

73. From the outset, Lead Counsel understood that it was embarking on a complex, expensive, and lengthy litigation with no guarantee of ever being compensated for the substantial investment of time and money the case would require. Lead Counsel nevertheless ensured that sufficient resources were dedicated to the prosecution of the Action, and that funds were available to compensate staff and to cover the considerable litigation costs that a case like this requires. In prosecuting this Action, Lead Counsel bore a substantial risk that no recovery would be achieved for the class and none of its fees or expenses would be recovered. As discussed above, this case presented multiple risks and uncertainties that could have prevented any recovery whatsoever.

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3. Lead Counsel Achieved This Result Through Skill And Experience, Despite Multiple Levels Of Complexity

74. Lead Counsel is one of the leading firms in the specialized area of securities litigation. The attorneys who were principally responsible for leading the prosecution of this case have prosecuted securities claims throughout their careers, overseen numerous securities class actions, and recovered billions of dollars on behalf of investors over the course of decades. Lead Counsel's depth of skill and experience, including its experience in this District and throughout the country successfully prosecuting securities class actions, allowed Lead Plaintiff and the Settlement Class to achieve the result obtained – a result that Lead Counsel respectfully submits might not have been achieved by less experienced counsel.

a) The Action Revolved Around Complex Subject Matter

75. This Action required Lead Counsel to develop a mastery of complex and intricate legal and factual issues and to develop a compelling record up to the point of resolution. In conducting its investigation and preparing the Complaint, Lead Counsel developed a deep knowledge of the relevant FDA regulations, the science underlying pacritinib, and the PERSIST-1 clinical studies. Lead Counsel worked extensively with experts in the fields of the pharmaceutical industry and statistics, as well as spoke with former CTI employees and industry participants. These efforts greatly contributed to the favorable result achieved for the Settlement Class.

76. The Action also presented complex legal issues. Lead Counsel conducted legal research concerning, among other things, the circumstances under which a company has a duty to disclose an IDMC's non-binding recommendation and statistically insignificant adverse results. These hotly disputed issues required extensive legal research to ensure that Lead Counsel presented the most compelling arguments to the Court.

b) Lead Counsel Has Considerable Skill And Experience

77. As demonstrated by its firm résumé, which is attached as Exhibit 6, Lead Counsel is among the most experienced and skilled law firms in the securities-litigation field and has a long

and successful track record representing investors in cases of this kind. Lead Counsel is consistently ranked among the top plaintiffs' firms in the country. Further, Lead Counsel has taken complex cases like this to trial, and is among the few firms with experience doing so on behalf of plaintiffs in securities class actions. Lead Counsel possesses extensive experience litigating securities class actions and has successfully prosecuted numerous securities fraud class actions on behalf of injured investors in this District and in courts across the country. Lead Counsel has been appointed as lead or co-lead counsel in landmark, precedent-setting class actions and has achieved resounding successes on behalf of shareholders nationwide. Lead Counsel's willingness and ability to take complex cases to trial, when necessary, added valuable leverage in the settlement negotiations.

c) Lead Counsel Faced Formidable Opposition

78. The quality of the work performed by Lead Counsel in attaining the Settlement should also be evaluated in light of the quality of the opposition. Here, the CTI Defendants were represented by O'Melveny & Meyers LLP and Davis Wright Tremaine LLP, and the Underwriter Defendants were represented by Dorsey & Whitney LLP. Defense counsel included some of the country's most prominent and experienced defense attorneys, who vigorously represented their clients. In the face of this opposition, Lead Counsel was nonetheless able to resolve the case on terms favorable to the Settlement Class.

4. Lead Counsel Invested Significant Time And Worked With Efficiency To Secure The Settlement

79. The time and labor expended by Lead Counsel BLB&G and Local Counsel BJT (collectively, "Plaintiffs' Counsel") in pursuing the Action and achieving the Settlement strongly support the reasonableness of the requested fee. Lead Counsel undertook substantial efforts to investigate and prosecute this case before arriving at the present Settlement.

80. The investigation, prosecution, and settlement of the claims asserted in this Action required extensive efforts on the part of Lead Counsel, given the complexity of the legal and factual issues raised by Lead Plaintiff's claims and the vigorous defense mounted by Defendants. The tasks undertaken by Lead Counsel in this case included, among other things:

i) conducting an extensive factual investigation, including identifying and contacting witnesses with direct knowledge of the facts;

ii) consulting with relevant experts, including Dr. Guarino and Mr. Steinholt;

iii) drafting the Complaint subject to the heightened pleading standards of the PSLRA;

iv) opposing Defendants' motions to dismiss;

v) preparing for and participating in two mediation sessions before Mr. Melnick;

vi) monitoring and evaluating CTI's financial condition; and

vii) monitoring related litigation against CTI and communicating as necessary with counsel for such actions.

81. Throughout the litigation, Lead Counsel maintained an appropriate level of staffing that avoided unnecessary duplication of effort and ensured the efficient prosecution of this litigation. I maintained control of and monitored the work performed on the case by other lawyers. I devoted substantial time to the case, personally reviewing and editing all pleadings, motions, and significant correspondence prepared on behalf of Lead Plaintiff. Additional attorneys at my firm were involved in the litigation and settlement negotiations appropriate to their level of experience.

82. The principal tasks that each attorney at BLB&G was involved with in this case are as follows:

David Stickney (322.25 hours): I was primarily responsible throughout the Action for supervising the day-to-day handling and strategy of the litigation and oversaw all aspects of case management and prosecution. I was involved in drafting and reviewing the Complaint and all briefing related to Defendants' motions to dismiss. I was responsible for strategy relating to case management issues and consulted extensively with our experts. I participated in preparing Lead Plaintiff's mediation submissions and attended and

actively participated in the mediations and continued negotiations. I was also one of the attorneys who regularly communicated with Lead Plaintiff DAFNA. I also negotiated the terms of the settlement stipulation, and oversaw the notice and claims process.

Jonathan Uslaner (409.25 hours): Mr. Uslaner, one of the Firm's partners, was responsible throughout the Action for supervising the day-to-day handling of the litigation. Mr. Uslaner was involved in drafting and reviewing the Complaint, all briefing related to Defendants' motions to dismiss, and various correspondence. He worked closely with investigators and experts throughout the litigation. Mr. Uslaner participated in preparing Lead Plaintiff's mediation submissions and attended and actively participated in the mediations and continued negotiations.

Max Berger (30.25 hours): Mr. Berger, one of the Firm's founding partners, was involved in strategy for settlement negotiations in advance of the mediations. He also participated in decisions on case management.

Niki Mendoza (346 hours): Ms. Mendoza was involved in drafting the Complaint, including related factual investigation and legal research, preparing briefing in response to Defendants' motions to dismiss, and preparing Lead Plaintiff's mediation submissions.

Rachel Felong (450.25 hours): Ms. Felong was involved in briefing DAFNA's motion to be appointed lead plaintiff, and the drafting of the Complaint, including related factual investigation and legal research.

David L. Duncan (160 hours): Mr. Duncan, whose primary role at the firm is to manage and implement class action settlements, had responsibility for drafting, editing, and coordinating the settlement documentation, including the Stipulation and Lead Plaintiff's motion for final approval. Mr. Duncan was also responsible for coordinating with the claims administrator.

Julia Johnson (75 hours): Ms. Johnson assisted in the drafting, editing, and coordinating of the settlement documentation, including the Stipulation and Lead Plaintiff's motions for preliminary approval and final approval of the Settlement.

Scott Foglietta (21 hours): Mr. Foglietta was responsible for drafting various procedural filings.

83. Attached as Exhibit 5B is a detailed summary indicating the amount of time spent by the attorneys and professional support staff employees of my firm who worked on this matter, from inception of the Action through December 20, 2017, and the lodestar calculation for those individuals based on my firm's current billing rates. The schedule was prepared from

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contemporaneous daily time records regularly prepared and maintained by my firm. Time expended in preparing the application for fees and reimbursement of expenses has not been included in this report, and time for timekeepers who had worked only a *de minimus* amount of total time on this case (*e.g.*, less than 10 hours) was also removed from the time report. The hourly rates for the attorneys and professional support staff in my firm included in Exhibit 5B are the same as the regular rates charged for their services, which have been accepted in other securities or shareholder litigation.

84. The Declaration of Roger Townsend of Local Counsel BJT, attached hereto as Exhibit 7, lists the number of hours he worked on the Action and the lodestar for his time.

85. As shown in Exhibits 5B and 7 and summarized in Exhibit 5A, Plaintiffs' Counsel collectively expended a total of 2,981.80 hours in investigating and prosecuting the Action from its inception through and including December 20, 2017, for a total lodestar of $1,661,110.25.

5. The Requested Percentage Fee Is Comparable To Fee Awards Approved In Cases With Similar Recoveries

86. The requested percentage fee is in line with the range of fee awards approved by courts within this District and Circuit in complex common-fund cases involving comparably sized, and even smaller, settlements. *See, e.g.*, *Torrisi v. Tucson Elec. Power Co.*, 8 F.3d 1370, 1376 (9th Cir. 1993) (affirming award of 25% of $30 million class settlement); *In re Galena Biopharma, Inc. Sec. Litig.*, 2016 WL 3457165, at *13 (D. Or. June 24, 2016) (approving 25% award of $28 million settlement); *In re Immune Response Sec. Litig.*, 497 F. Supp. 2d 1166, 1175-76 (S.D. Cal. 2007) (awarding 25% of $10 million settlement); *In re Omnivision Techs., Inc.,* 559 F. Supp. 2d 1036, 1048 (N.D. Cal. 2008) (awarding 28% of $14 million settlement); *Vizcaino v. Microsoft Corp.,* 290 F.3d 1043, 1051 (9th Cir. 2002) (affirming award of 28% of $97 million settlement with multiplier of 3.65); *In re WSB Fin. Grp. Sec. Litig.*, 2009 WL 10677102, at *1 (W.D. Wash. Mar. 27, 2009) (awarding 25% of $4.85 million settlement); *McGuire v. Dendreon Corp.*, Case No. C07-800 MJP,

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

slip op. at 3-4 (W.D. Wash. Dec. 20, 2010), ECF No. 235 (awarding 25% of $16.5 million settlement); *In re BP Prudhoe Bay Royalty Tr. Sec. Litig.*, No. C06-1505 MJP, slip op. at 2 (W.D. Wash. June 30, 2009), ECF No. 127 (awarding 27% of $43.25 million settlement).

* * *

87. For each of the reasons discussed above, Lead Counsel respectfully submits that a fee award of 20% of the Settlement Fund is appropriate and reasonable.

B. The Litigation Expenses Application

88. Lead Counsel also seeks reimbursement from the Settlement Fund of $123,211.61 in Litigation Expenses that were reasonably incurred by Plaintiffs' Counsel in connection with commencing, litigating, and settling the claims asserted in the Action.

89. From the beginning of the case, Lead Counsel was aware that it might not recover any of its expenses, and, even in the event of a recovery, would not recover any of its out-of-pocket expenditures until the Action might be successfully resolved. Lead Counsel also understood that, even assuming that the case was ultimately successful, reimbursement for expenses would not compensate it for the lost use of the funds advanced to prosecute the Action. Accordingly, Lead Counsel was motivated to and did take appropriate steps to avoid incurring unnecessary expenses and to minimize costs without compromising the vigorous and efficient prosecution of the case.

90. Plaintiffs' Counsel have incurred a total of $123,211.61 in unreimbursed Litigation Expenses in prosecuting the Action. The expenses are summarized in the expense report for BLB&G, attached hereto as Exhibit 5C, which identifies each category of expense, *e.g.*, expert fees, on-line research, out-of-town travel, mediation fees, photocopying, and postage expenses, and the amount incurred for each category, and in the Declaration of Roger Townsend for Local Counsel BJT, attached hereto as Exhibit 7. These expense items are billed separately by Lead Counsel and Local Counsel and are not duplicated in their billing rates.

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91. The expenses incurred in this Action by Lead Counsel are reflected in the records of my firm, which are regularly prepared and maintained in the ordinary course of business. These records are prepared from expense vouchers, check records and other source materials and are an accurate record of the expenses incurred.

92. Of the total amount of expenses, $44,137.50, or approximately 36%, was incurred for the retention of consulting and testifying experts. As noted above, Lead Counsel consulted with Dr. Guarino, an expert on the FDA's standards and regulations for the drug approval process with over 40 years of experience in the pharmaceutical industry. Lead Counsel also consulted with Mr. Steinholt, a financial economist at Caliber Advisors who frequently serves as an expert in complex securities litigations on damages and loss causation issues.

93. On-line legal and factual research was another component of the Litigation Expenses. Such research was necessary to prepare the Complaint, research the law pertaining to the claims asserted in the Action and oppose Defendants' motions to dismiss. The total charges for on-line legal and factual research amount to $15,100.31, or approximately 12% of the total amount of expenses.

94. Lead Counsel has also incurred expenses totaling $34,695.66 for mediation fees, or approximately 28% of the total expenses.

95. The other expenses for which Plaintiffs' Counsel seek reimbursement are the types of expenses that are necessarily incurred in litigation and routinely charged to clients billed by the hour. These expenses include, among others, court fees, copying costs, postage, and out-of-town travel costs.

96. The expenses reflected in Exhibits 5C and 7 are the expenses incurred by each firm, which are further limited by "caps" based on the application of the following criteria:

a. Out-of-town Travel – Airfare is capped at coach rates, hotel rates are capped at $250 for small cities and $350 for large cities (the relevant cities and how they are

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categorized are reflected on Exhibit 5C); meals are capped at $20 per person for breakfast, $25 per person for lunch, and $50 per person for dinner.

b. Out-of-Office Meals - Capped at $25 per person for lunch and $50 per person for dinner.

c. In-Office Working Meals - Capped at $20 per person for lunch and $30 per person for dinner.

d. Internal Copying - Capped at $0.10 per page.

e. On-Line Research - Charges reflected are for out-of-pocket payments to the vendors for research done in connection with this litigation. On-line research is billed to each case based on actual time usage at a set charge by the vendor. There are no administrative charges included in these figures.

97. All of the Litigation Expenses incurred by Plaintiffs' Counsel were reasonable, necessary to the successful litigation of the Action, and approved by Lead Plaintiff. *See* Ex. 2 (Ghodsian Decl.), ¶ 8.

C. The Reaction Of The Settlement Class To The Fee And Expense Application

98. The Notice informed potential Settlement Class Members that Lead Counsel would seek an award of attorneys' fees for all Plaintiffs' Counsel in an amount of 20% of the Settlement Fund or less, and reimbursement of expenses in an amount not to exceed $200,000. The total amount of expenses requested, $141,574.11, which includes $123,211.61 in reimbursement of Litigation Expenses incurred by Plaintiffs' Counsel and $18,362.50 in reimbursement of costs and expenses incurred by Lead Plaintiff, is below the $200,000 that Settlement Class Members were notified could be sought. To date, no Settlement Class Member has objected to the fee request or the maximum amount of expenses disclosed in the Notice. Lead Counsel will address any objections in its reply papers.

VII. REIMBURSEMENT OF THE COSTS AND EXPENSES OF THE LEAD PLAINTIFF

99. In accordance with the PSLRA, DAFNA seeks reimbursement of its reasonable costs and expenses incurred directly in connection with its representation of the Settlement Class, in the amount of $18,362.50. The amount of time and effort devoted to this Action by officers and employees of DAFNA, who consulted with Lead Counsel through the Action and in connection with settlement negotiations, is detailed in the accompanying Ghodsian Declaration. Ex. 2, ¶ 10.

100. As set forth in the Ghodsian Declaration, Lead Plaintiff was fully committed to pursuing the interests of the Settlement Class throughout the litigation of this Action. Lead Plaintiff's efforts are precisely the types of activities that courts have found to support reimbursement to class representatives, and fully support its request for reimbursement.

VIII. CONCLUSION

101. For all the reasons discussed above, Lead Plaintiff and Lead Counsel respectfully submit that the Settlement, Plan of Allocation, and Lead Counsel's Fee and Expense Application should be approved as fair and reasonable.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 28th day of December, 2017.

David R. Stickney

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on December 28, 2017, I presented the foregoing Declaration and its exhibits to the Clerk of the Court for filing and uploading to the CM/ECF system. This system will send electronic notice of filing to all counsel of record by operation of the Court's electronic filing system.

/s/ Roger M. Townsend
Roger M. Townsend, WSBA #25525
BRESKIN JOHNSON & TOWNSEND PLLC
1000 Second Avenue, Suite 3670
Seattle, WA 98104
Tel: (206) 652-8660
Fax: (206) 652-8290
rtownsend@bjtlegal.com

Local Counsel for Lead Plaintiff DAFNA and the Settlement Class

Exhibit 1

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL DECLARATION OF JED D. MELNICK, ESQ. IN SUPPORT OF FINAL APPROVAL OF CLASS ACTION SETTLEMENT

I, JED D. MELNICK, declare as follows:

1. I was selected by Lead Plaintiff and the CTI Defendants to serve as the Mediator in the above-captioned action. I make this declaration based on personal knowledge and am competent to testify to the matters set forth herein. The parties have consented to my submitting this declaration regarding the negotiations which led to the proposed Settlement.

2. As discussed below, I believe that the Settlement in this class action for the total amount of $20,000,000 in cash – after a rigorous mediation process – represents a well-reasoned and sound resolution of the complicated and uncertain claims. The Court, of course, will make determinations as to the "fairness" of the Settlement under applicable legal standards. From a mediator's perspective, however, I recommend the proposed Settlement as reasonable, arm's length, and consistent with the risks and potential rewards of the claims asserted in the Action.

3. I am a mediator associated with JAMS. I am also the managing partner for Weinstein Melnick LLC. I have mediated over one thousand disputes, including complex securities class actions and shareholder derivative actions, published articles on mediation, founded a nationally ranked dispute resolution journal, and taught young mediators.

4. As detailed below, I oversaw the settlement negotiations in this case over the course of more than five months, culminating in the parties agreeing to settle the claims asserted in the Action for $20 million.

5. Lead Plaintiff and the CTI Defendants engaged me to serve as the mediator for the Parties' dispute in February 2017. A mediation session was scheduled for March 29, 2017.

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Seattle, Washington 98104 Tel: 206-652-8660

In advance of this mediation, Lead Plaintiff and the CTI Defendants exchanged and submitted detailed confidential mediation statements. The mediation statements contained the Parties' respective views on liability, damages and CTI's financial condition. In addition, as part of the mediation process, CTI provided Lead Plaintiff with core internal documents relevant to the Parties' dispute.

6. On March 29, 2017, counsel for Lead Plaintiff, counsel for the CTI Defendants, and representatives of the CTI Defendants' insurance carriers met with me in New York for a full-day mediation session. During the session, the Parties made presentations to me and we discussed the merits of the case, including liability, damages and CTI's financial condition.

7. Although the mediation session ended without a settlement agreement, Lead Plaintiff and the CTI Defendants continued to exchange information and remained in communication with me as the mediator. On June 26, 2017, counsel for Lead Plaintiff and the CTI Defendants and representatives of the CTI Defendants' insurance carriers convened for a second mediation session in New York after exchanging supplemental mediation briefs to address developments since the first mediation. This second mediation session again ended with the parties at an impasse and without reaching agreement.

8. To break the impasse, I proposed to both sides a double-blind mediator's proposal to resolve the Action. Thereafter, Lead Plaintiff made a non-negotiable demand of $20 million in cash to resolve the case, subject to a deadline, Court approval and customary conditions. On August 3, 2017, the Parties reached an agreement in principle to settle the Action, which was memorialized in a term sheet executed that day (the "Term Sheet")

9. I believe the proposed $20 million settlement is a reasonable resolution of the Action for the Parties based on my involvement in the negotiations, review and analysis of the Parties' mediation submissions, extensive communications with the parties, and assessment of the risks inherent in this litigation. The entire mediation process involved significant disputed issues and hard-fought, arm's-length negotiations.

I declare, under penalty of perjury, that the foregoing facts are true and correct.

Executed this 11 day of December, 2017.

Jed D. Melnick

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

Exhibit 2

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL DECLARATION OF FARIBA F. GHODSIAN ON BEHALF OF LEAD PLAINTIFF'S MOTION FOR FINAL APPROVAL OF THE PROPOSED SETTLEMENT, PLAN OF ALLOCATION; AND LEAD COUNSEL'S REQUEST FOR ATTORNEYS' FEES AND EXPENSES

I, FARIBA F. GHODSIAN, declare as follows:

1. I am the Chief Investment Officer of DAFNA Capital Management, LLC ("DAFNA Capital"). I submit this declaration on behalf of Lead Plaintiff DAFNA LifeScience, LP and DAFNA LifeScience Select, LP (collectively, "DAFNA" or "Lead Plaintiff") in support of Lead Plaintiff's Motion for Final Approval of the Proposed Settlement, Plan of Allocation, and Lead Counsel's Request for Attorneys' Fees and Expenses. I have personal knowledge of the matters set forth in this Declaration based on my direct involvement in monitoring and overseeing the prosecution of the Action, as well as the negotiations leading to the Settlement. If called, I could and would testify competently to these matters.

2. DAFNA Capital is an SEC-registered investment advisory firm that specializes in managing long/short portfolios of predominantly publicly traded biotechnology and medical device companies and has approximately $200 million in assets under management. DAFNA Capital serves as the investment manager and general partner for DAFNA LifeScience, LP and DAFNA LifeScience Select, LP, the two related private investment funds that purchased securities of CTI BioPharma Corp. during the Class Period.

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1000 Second Avenue, Suite 3670
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I. DAFNA's Oversight of the Litigation

3. Howard Nurtman, the former Director of Compliance and Risk Management at DAFNA Capital, and I oversaw the litigation. We remained in frequent communication with David Stickney, Jonathan Uslaner and additional attorneys at Bernstein Litowitz Berger & Grossmann LLP ("BLB&G") throughout the litigation. Through our active involvement, DAFNA closely supervised, carefully monitored, and was actively involved in all material aspects of the prosecution of the Action. DAFNA received periodic status reports from BLB&G on case developments and participated in discussions with attorneys from BLB&G concerning the investigation and prosecution of the Action, procedural matters, the strengths of and risks to the claims, CTI's financial condition and potential settlement. Throughout the course of this Action, we (a) regularly communicated with BLB&G by email and telephone calls regarding the posture and progress of the case; (b) reviewed and commented on all significant pleadings and briefs filed in the Action; (c) consulted with BLB&G concerning the settlement negotiations and mediation efforts as they progressed; and (d) evaluated and approved the proposed Settlement for $20 million in cash.

II. DAFNA Endorses Approval of the Settlement

4. DAFNA was actively informed of the progress of the settlement negotiations in this litigation. DAFNA conferred with BLB&G regarding the parties' respective positions in connection with both the March 2017 and June 2017 mediation sessions. In connection with each of those mediations, DAFNA considered and discussed with counsel and the mediator, Mr. Jed Melnick, the benefits and trade-offs of a resolution at that time and on the terms proposed.

5. Based on our involvement throughout the prosecution and resolution of the claims, DAFNA believes the proposed Settlement is fair, reasonable and adequate *and* provides a favorable recovery for the Settlement Class in light of CTI's financial condition and the wasting insurance policies; the potential amount that might reasonably have been recovered after trial and appeals; and the substantial risks of continuing to prosecute the claims, including risks of

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establishing liability and damages and risks related to recovering a judgment larger than the $20 million Settlement. Accordingly, DAFNA endorses approval of the Settlement by the Court.

6. DAFNA also believes that the proposed Plan of Allocation provides a fair and reasonable method of allocating the proceeds of the Settlement to eligible class members.

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

7. DAFNA believes that Lead Counsel's requested fee of 20% of the Settlement Fund is fair and reasonable in light of the work performed by Lead Counsel, the result achieved, and the risks of the Action. The request also comports with the terms that DAFNA negotiated upfront on behalf of the Class before counsel's appearance in the case.

8. Lead Plaintiff further believes that the Litigation Expenses being requested for reimbursement are reasonable, and represent costs and expenses necessary for the prosecution and resolution of the claims in the Action. Based on the foregoing, and consistent with its obligation to the Settlement Class to obtain the best result at the most efficient cost, DAFNA fully supports Lead Counsel's application for an award of attorneys' fees and reimbursement of Litigation Expenses.

9. DAFNA understands that reimbursement of a lead plaintiff's reasonable costs and expenses is authorized under the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4(a)(4). For this reason, in connection with Lead Counsel's request for reimbursement of litigation expenses, DAFNA seeks reimbursement for the costs and expenses that it incurred directly relating to its representation of the Settlement Class in the Action.

10. Mr. Nurtman and I devoted our time to prosecuting this Action and overseeing the efforts of Lead Counsel on behalf of the Settlement Class. The time that we devoted to this Action was time that we otherwise would have expected to spend on other work for DAFNA Capital and, thus, represented a cost to DAFNA Capital. In total, we spent a total of 61.75 hours assisting in the prosecution of this Action including, by among other things, communicating

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with Lead Counsel, reviewing pleadings, and consulting regarding settlement negotiations. I devoted 26 hours to the Action and my time is valued at $500 per hour. Mr. Nurtman spent 35.75 hours on this matter and his time is valued at $150 per hour. Thus, in total, DAFNA Capital seeks reimbursement of $18,362.50 for time we dedicated to the Action.

IV. Conclusion

11. In conclusion, DAFNA was closely involved throughout the prosecution and settlement of the claims in this Action, strongly endorses the Settlement as fair, reasonable and adequate and believes that it represents a significant recovery for the Settlement Class. DAFNA respectfully requests that the Court approve its motion for approval of the proposed Settlement, the Plan of Allocation, and Lead Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses, including DAFNA's request for reimbursement for its reasonable costs and expenses incurred in prosecuting the Action on behalf of the Settlement Class.

I declare under penalty of perjury that that the foregoing is true and correct, and that I have authority to execute this Declaration on behalf of DAFNA.

Executed on this 15 day of December, 2017.

Fariba F. Ghodsian

#1136198

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Exhibit 3

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL DECLARATION OF JENNIFER M. BAREITHER REGARDING (A) MAILING OF NOTICE AND CLAIM FORM; (B) PUBLICATION OF SUMMARY NOTICE; AND (C) REPORT ON REQUESTS FOR EXCLUSION RECEIVED TO DATE

I, JENNIFER M. BAREITHER, declare as follows:

1. I am Director of Operations for The Garden City Group, LLC ("GCG") and based in GCG's Seattle office. Pursuant to the Court's October 24, 2017 Order Preliminarily Approving Settlement and Providing for Notice (ECF No. 107) (the "Preliminary Approval Order"), GCG was authorized to act as the Claims Administrator in connection with the Settlement of the above-captioned action (the "Action").[1] I am over 21 years of age and am not a party to the Action. I have personal knowledge of the facts set forth herein and, if called as a witness, could and would testify competently thereto.

MAILING OF THE NOTICE AND PROOF OF CLAIM

2. Pursuant to the Preliminary Approval Order, GCG mailed the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice") and the Claim Form (collectively with the Notice, the "Notice Packet") to potential Settlement Class Members. A copy of the Notice Packet is attached hereto as Exhibit A.

[1] Unless otherwise defined herein, all capitalized terms have the meanings set forth in the Stipulation and Agreement of Settlement dated September 15, 2017 (ECF No. 106-2) (the "Stipulation").

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3. On October 31, 2017 and November 1, 2017, GCG received a series of four (4) Excel files and one (1) PDF file from Lead Counsel Bernstein Litowitz Berger & Grossmann LLP. Lead Counsel indicated that the files were received from counsel for CTI BioPharma Corp. ("CTI") with data originally from Depository Trust Company ("DTC"). The files identified record holders of CTI common stock at various dates during the Settlement Class Period. In addition, on November 3, 2017, counsel for the Underwriter Defendants sent GCG an Excel file listing names and addresses of persons and entities on whose behalf Underwriter Defendants purchased CTI Securities during the Class Period, including persons and entities who had purchased CTI Series N-1 Preferred Stock and CTI Series N-2 Preferred Stock in the offerings of those securities. GCG extracted these names and addresses from all of these files for mailing. After clean-up and de-duplication there were a total of 202 unique names from the files provided by counsel for CTI and the Underwriter Defendants. GCG formatted the Notice Packet, and caused it to be printed, personalized with the name and address of each potential Settlement Class Member, posted for first-class mail, postage prepaid, and mailed to these 202 potential Settlement Class Members on November 9, 2017.

4. As in most class actions of this nature, the large majority of potential Settlement Class Members are expected to be beneficial purchasers whose securities are held in "street name" – *i.e.*, the securities are purchased by brokerage firms, banks, institutions and other third-party nominees in the name of the nominee, on behalf of the beneficial purchasers. GCG maintains and updates an internal list of the largest and most common banks, brokers and other nominees. On November 9, 2017, GCG caused additional Notice Packets to be sent by first-class mail to the 1,641 mailing records contained in its internal broker list that were not already included in the list of names in the files provided by Defendants' Counsel.

5. The Notice directed brokers and other nominees who purchased or otherwise acquired any of the CTI Securities from March 9, 2015 through February 9, 2016, inclusive, for the beneficial interest of a person or organization other than themselves to either (a) within seven

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(7) calendar days of receipt of the Notice, request from GCG sufficient copies of the Notice Packet to forward to all such beneficial owners, or (b) within seven (7) calendar days of receipt of the Notice, provide to GCG the names and addresses of all such beneficial owners. *See* Notice ¶ 85.

6. As of December 26, 2017, GCG had received requests from brokers and other nominee holders for 1,567 Notice Packets to be forwarded by the nominees to their customers. In addition, as of December 26, 2017, GCG had received an additional 17,058 names and addresses of potential Settlement Class Members from individuals or brokerage firms, banks, institutions, and other nominees. Of this number, 2,329 names and addresses were recently received and GCG is still in the process of preparing Notice Packets to mail to these additional potential Settlement Class Members. Accordingly, as of December 26, 2017, GCG had mailed a total of 16,296 Notice Packets in response to those requests. All such requests are being complied with, and will continue to be complied with, in a timely manner.

7. As of December 26, 2017, a total of 18,139 Notice Packets have been mailed to potential Settlement Class Members and nominees. In addition, GCG has remailed 30 Notice Packets to persons whose original mailings were returned by the U.S. Postal Service ("USPS") and for whom updated addresses were provided to GCG by the USPS.

PUBLICATION OF THE SUMMARY NOTICE

8. In accordance with Paragraph 7(d) of the Preliminary Approval Order, GCG caused the Summary Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Summary Notice") to be published in *Investor's Business Daily* and released via *PR Newswire* on November 20, 2017. Copies of proof of publication of the Summary Notice in *Investor's Business Daily* and over *PR Newswire* are attached hereto as Exhibits B and C, respectively.

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TELEPHONE HELP LINE

9. On November 9, 2017, GCG established a case-specific, toll-free telephone helpline, 1-844-402-8599, with an interactive voice response system and live operators, to accommodate potential Settlement Class Members with questions about the Action and the Settlement. The automated attendant answers the calls and presents callers with a series of choices to respond to basic questions. Callers requiring further help have the option to be transferred to a live operator during business hours. GCG continues to maintain the telephone helpline and will update the interactive voice response system as necessary through the administration of the Settlement.

SETTLEMENT WEBSITE

10. In accordance with Paragraph 7(c) of the Preliminary Approval Order, GCG established the Settlement website for this Action, www.CTIBioPharmaSecuritiesSettlement.com. The Settlement website includes information regarding the Action and the proposed Settlement, including the exclusion, objection, and claim-filing deadlines and the date and time of the Court's Settlement Hearing. In addition, copies of the Notice, Claim Form, Stipulation, Preliminary Approval Order, and other documents related to the Action are posted on the website and are available for downloading. The Settlement website was operational beginning on November 9, 2017, and is accessible 24 hours a day, 7 days a week.

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REPORT ON REQUESTS FOR EXCLUSION RECEIVED TO DATE

11. The Notice informed potential Settlement Class Members that requests for exclusion are to be sent to the Claims Administrator, and mailed or delivered no later than January 11, 2018. The Notice also sets forth the information that must be included in each request for exclusion. As of the date of this declaration, GCG has not received any requests for exclusion. GCG will submit a supplemental affidavit after the January 11, 2018 deadline addressing any requests for exclusion received.

I declare, under penalty of perjury, that the foregoing facts are true and correct.

Executed on this 27 day of December, 2017.

Jennifer M. Bareither

Exhibit

A

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL Hon. Robert S. Lasnik **CLASS ACTION**

NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

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

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action (the "Action") pending in the United States District Court for the Western District of Washington (the "Court"), if, during the period from March 9, 2015 through February 9, 2016, inclusive (the "Class Period"), you purchased or otherwise acquired any shares of the common stock of CTI BioPharma Corp. ("CTI"), CTI Series N-1 Preferred Stock, or CTI Series N-2 Preferred Stock, other than shares of such securities that traded on an exchange outside the United States (collectively, the "CTI Securities"), and were damaged thereby.[1]

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiff, DAFNA LifeScience, LP and DAFNA LifeScience Select, LP ("Lead Plaintiff"), on behalf of itself and the Settlement Class (as defined in ¶ 22 below), has reached a proposed settlement of the Action for $20,000,000 in cash that, if approved, will resolve all claims in the Action (the "Settlement").

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact CTI, any other Defendants in the Action, or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (*see* ¶ 86 below).

1. **Description of the Action and the Settlement Class:** This Notice relates to a proposed Settlement of claims in a pending securities class action brought by investors alleging, among other things, that CTI BioPharma Corp. ("CTI" or the "Company") and its then-CEO James A. Bianco made materially false statements and misleading omissions concerning CTI's drug candidate, pacritinib, and the results of a clinical trial of pacritinib. A more detailed description of the Action and identification of the additional Defendants is set forth in paragraphs 11-21 below. The proposed Settlement, if approved by the Court, will settle claims of the Settlement Class, as defined in paragraph 22 below.

[1] All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated September 15, 2017 (the "Stipulation"), which is available at www.CTIBioPharmaSecuritiesSettlement.com.

2. **Statement of the Settlement Class's Recovery:** Subject to Court approval, Lead Plaintiff, on behalf of itself and the Settlement Class, has agreed to settle the Action in exchange for a settlement payment of $20,000,000 in cash (the "Settlement Amount") to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the "Settlement Fund") less (a) any Taxes, (b) any Notice and Administration Costs, (c) any Litigation Expenses awarded by the Court, and (d) any attorneys' fees awarded by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation (the "Plan of Allocation") is set forth on pages 9-12 below.

3. **Estimate of Average Amount of Recovery Per Share:** Based on an expert's estimate of the number of CTI Securities purchased during the Class Period that may have been affected by the conduct at issue in the Action and assuming that all Settlement Class Members elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved fees, expenses and costs) is $0.13 per eligible share of CTI common stock (including shares of common stock converted from CTI Series N-1 or Series N-2 Preferred Stock).[2] Settlement Class Members should note, however, that the foregoing average recovery per share is only an estimate that depends on necessary assumptions. Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors, which CTI Securities they purchased, when and at what prices they purchased/acquired or sold their CTI Securities, and the total number of valid Claim Forms submitted. Distributions to Settlement Class Members will be made based on the Plan of Allocation set forth herein (*see* pages 9-12 below) or such other plan of allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share:** The Parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail in the Action. Among other things, Defendants do not agree with the assertion that they violated the federal securities laws or that any damages were suffered by any members of the Settlement Class as a result of their conduct.

5. **Attorneys' Fees and Expenses Sought:** Plaintiffs' Counsel, which have been prosecuting the Action on a wholly contingent basis since its inception, have not received any payment of attorneys' fees for their representation of the Settlement Class and have advanced the funds to pay expenses necessarily incurred to prosecute this Action. Court-appointed Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP, will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 20% of the Settlement Fund. In addition, Lead Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the institution, prosecution, and resolution of the claims against the Defendants, in an amount not to exceed $200,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. The estimate of the average cost per affected share, if the Court approves Lead Counsel's fee and expense application, is $0.03 per eligible share of CTI common stock.

6. **Identification of Attorneys' Representatives:** Lead Plaintiff and the Settlement Class are represented by David R. Stickney, Esq. of Bernstein Litowitz Berger & Grossmann LLP, 12481 High Bluff Drive, Suite 300, San Diego, CA 92130, (800) 380-8496, blbg@blbglaw.com.

7. **Reasons for the Settlement:** Lead Plaintiff's principal reason for entering into the Settlement is the substantial immediate cash benefit for the Settlement Class without the risk or the delays inherent in further litigation. Moreover, the substantial cash benefit provided under the Settlement must be considered against Defendants' ability to pay a judgment and the significant risk that a smaller recovery – or indeed no recovery at all – might be achieved after contested motions, a trial of the Action and the likely appeals that would follow a trial. This process could be expected to last several years. Defendants, who deny all allegations of wrongdoing or liability whatsoever, are entering into the Settlement solely to eliminate the uncertainty, burden, and expense of further protracted litigation.

[2] After the end of the Class Period, in January 2017, CTI common stock had a 1-for-10 reverse stock split, meaning that for every ten shares of CTI common stock the shareholder owned before the split, the shareholder now owned one share. The per-share recovery estimate listed above is based on the number of CTI common shares prior to the split.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN FEBRUARY 20, 2018.	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs' Claims (defined in ¶ 31 below) that you have against Defendants and the other Defendants' Releasees (defined in ¶ 32 below), so it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION NO LATER THAN JANUARY 11, 2018.	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants or the other Defendants' Releasees concerning the Released Plaintiffs' Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION NO LATER THAN JANUARY 11, 2018.	If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation, or the fee and expense request unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.
GO TO A HEARING ON FEBRUARY 1, 2018 AT 8:30 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR NO LATER THAN JANUARY 11, 2018.	Filing a written objection and notice of intention to appear by January 11, 2018 allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys' fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.
DO NOTHING.	If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

WHAT THIS NOTICE CONTAINS

WHY DID I GET THIS NOTICE?

8. The Court directed that this Notice be mailed to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired CTI common stock, CTI Series N-1 Preferred Stock, or CT Series N-2 Preferred Stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, and the Plan of Allocation (or some other plan of allocation), the claims administrator selected by Lead Plaintiff and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing"). *See* paragraph 77 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

WHAT IS THIS CASE ABOUT?

11. CTI is a biopharmaceutical company whose stock trades on the NASDAQ stock exchange under the ticker symbol "CTIC." During the Class Period, one of CTI's drug candidates was "pacritinib," a treatment for myelofibrosis, a type of blood-related cancer. In the Action, Plaintiffs allege that Defendants made material misstatements and misleading omissions about pacritinib, including in offering documents for CTI Series N-1 Preferred Stock and CTI Series N-2 Preferred Stock, and that persons who purchased CTI Securities during the Class Period were injured when the truth was revealed.

The Defendants are CTI BioPharma Corp. ("CTI" or the "Company"); James A. Bianco, Louis A. Bianco, Jack W. Singer, Frederick W. Telling, Reed V. Tuckson, Phillip M. Nudelman, John H. Bauer, Karen Ignagni, Richard L. Love, and Mary O. Mundinger (collectively, the "Individual Defendants" and, together with CTI, the "CTI Defendants"); and defendants Piper Jaffray & Co., Landenburg Thalmann & Co. Inc., Roth Capital Partners, LLC, and National Securities Corporation (collectively, the "Underwriter Defendants," and, together with the CTI Defendants, the "Defendants").

12. On February 10, 2016, a securities class action complaint alleging claims against CTI and the Individual Defendants was filed in the United States District Court for the Southern District of New York, styled *Ahrens v. CTI BioPharma Corp.*, No. 1:16-cv-01044-PAE ("*Ahrens*"). On February 12, 2016, a securities class action complaint alleging substantially identical claims was filed in the Western District of Washington, styled *McGlothin v. CTI BioPharma Corp.*, No. 2:16-cv-00216-RSL ("*McGlothin*").

13. On May 19, 2016, the Southern District of New York granted the CTI Defendants' unopposed motion to transfer *Ahrens* to the Western District of Washington, and on June 13, 2016, the Western District of Washington entered an order consolidating *Ahrens* and *McGlothin* and ordering that the consolidated action be recaptioned as *In re CTI BioPharma Corp. Securities Litigation*, No. 16-cv-216-RSL.

14. Following a hearing on August 25, 2016, the Court appointed DAFNA LifeScience, LP and DAFNA LifeScience Select, LP as Lead Plaintiff for the consolidated action; and approved Lead Plaintiff's selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel for the class.

15. On November 8, 2016, Lead Plaintiff and additional plaintiff Michael Li filed and served the Consolidated Class Action Complaint (the "Complaint"). The Complaint asserts claims under Section 11 of the Securities Act of 1933 (the "Securities Act") against CTI, the Individual Defendants and the Underwriter Defendants; claims under Section 12(a)(2) of the Securities Act against the Underwriter Defendants; and claims under Section 15 of the Securities Act against James A. Bianco. The Complaint alleges, among other things, that the Offering Materials issued by Defendants in connection

with the October 2015 offering of CTI Series N-1 Preferred Stock and the December 2015 offering of CTI Series N-2 Preferred Stock contained materially false statements and misleading omissions concerning pacritinib and the results of a Phase III trial of that drug.

16. The Complaint also asserts claims under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, against CTI and James Bianco; and claims under Section 20(a) of the Exchange Act against James Bianco. The Complaint alleges that CTI and James Bianco made additional misstatements and material omissions concerning pacritinib during investor conferences and in press releases and that CTI and James Bianco made the false statements and omissions with scienter. The Complaint further alleges the truth concealed by Defendants' misstatements and omissions was revealed on February 8 and 9, 2016 when CTI disclosed that the FDA had placed a partial hold and hold on clinical trials of pacritinib due to safety concerns, which caused the price of CTI's securities to drop significantly.

17. On January 9, 2017, Defendants filed and served their motions to dismiss the Complaint. On February 6, 2017, Lead Plaintiff filed and served its opposition to Defendants' motions and, on February 22, 2017, Defendants filed and served their reply papers.

18. The Parties participated in two in-person mediation sessions with Jed D. Melnick of JAMS, an experienced mediator. In advance of the first session on March 29, 2017, the Parties exchanged mediation statements, which were submitted to Mr. Melnick together with numerous exhibits. The first mediation session ended at an impasse. Discussions and the exchange of information continued telephonically and in writing. The Parties submitted supplemental mediation statements prior to the second session on June 26, 2017. That session also ended without agreement being reached.

19. Following the June 26, 2017 mediation, the Parties continued to conduct arm's-length settlement negotiations, with the assistance of Mr. Melnick. On August 3, 2017, the Parties reached an agreement in principle to settle the Action that was memorialized in a term sheet (the "Term Sheet") executed that day. The Term Sheet set forth the Parties' agreement to settle and release all claims asserted in the Action in return for a $20,000,000 cash payment.

20. On September 15, 2017, the Parties entered into a Stipulation and Agreement of Settlement (the "Stipulation"), which sets forth the terms and conditions of the Settlement. The Stipulation can be viewed at www.CTIBioPharmaSecuritiesSettlement.com.

21. On October 24, 2017, the Court preliminarily approved the Settlement, authorized this Notice to be disseminated to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASS?

22. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Class consists of:

> all persons and entities who purchased or otherwise acquired CTI Securities during the period from March 9, 2015 through February 9, 2016, inclusive (the "Class Period"), and were damaged thereby.[3]

Excluded from the Settlement Class are (a) Defendants; (b) the Officers and directors of CTI during the Class Period (the "Excluded Officers and Directors"); (c) the Immediate Family Members of the Individual Defendants and Excluded Officers and Directors; (d) any entity in which any Defendant, any Excluded Officer or Director, or any of their respective Immediate Family Members had during the Class Period and/or has a controlling interest; (e) Defendants' liability insurance carriers; (f) any affiliates, parents or subsidiaries of CTI; (g) all CTI plans that are covered by ERISA; and (h) the legal representatives, heirs, agents, affiliates, successors-in-interest, or assigns of any excluded person or entity, in their respective capacity as such. Also excluded from the Settlement Class are any persons or entities that exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice. *See* "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself," on page 13 below.

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT.

[3] "CTI Securities" means (i) CTI common stock; (ii) CTI Series N-1 Preferred Stock; and/or (iii) CTI Series N-2 Preferred Stock, but does not include any shares of such securities that traded on an exchange outside the United States.

IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN FEBRUARY 20, 2018.

WHAT ARE LEAD PLAINTIFF'S REASONS FOR THE SETTLEMENT?

23. Lead Plaintiff and Lead Counsel believe that the claims asserted against Defendants have merit. They recognize, however, the expense and length of proceedings that would be necessary to obtain a judgment against Defendants through trial and appeals, as well as the very substantial risks they would face in establishing liability and damages in this Action and in collecting a judgment against the CTI Defendants considering their ability to pay.

24. In light of these risks, the amount of the Settlement and the immediacy of recovery to the Settlement Class, Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Settlement Class. Lead Plaintiff and Lead Counsel believe that the Settlement provides a substantial benefit to the Settlement Class, namely $20,000,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller, or no recovery after summary judgment, trial, and appeals, possibly years in the future.

25. Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. Defendants have agreed to the Settlement solely to eliminate the burden and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by Defendants.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

26. If there were no Settlement and Lead Plaintiff failed to establish any essential legal or factual element of their claims against Defendants, neither Lead Plaintiff nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, either at summary judgment, at trial or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?

27. As a Settlement Class Member, you are represented by Lead Plaintiff and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

28. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?," below.

29. If you are a Settlement Class Member and you wish to object to the Settlement, the Plan of Allocation, or Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

30. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Lead Plaintiff and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns, in their capacities as such, will have fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Plaintiffs' Claim (as defined in ¶ 31 below) against the Defendants and the other Defendants' Releasees (as

defined in ¶ 32 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendants' Releasees.

31. "Released Plaintiffs' Claims" means, to the extent allowed by law, all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common, or foreign law, that Lead Plaintiff or any other member of the Settlement Class, including additional named plaintiff Michael Li: (i) asserted in the Complaint; or (ii) could have asserted or could assert in any forum that arise out of or are based upon the acts, omissions, nondisclosure, allegations, transactions, facts, matters, occurrences, or oral or written representations or statements involved, set forth, or referred to in the Complaint, and that relate to the purchase of CTI Securities during the Class Period. Released Plaintiffs' Claims do not include: (i) any claims relating to the enforcement of the Settlement; (ii) any claims asserted in any shareholder derivative action or action under ERISA that are based on similar allegations, including *In re CTI BioPharma Shareholder Derivative Action*, No. 2:16-cv-00756 (W.D. Wash.) or any of the actions consolidated therein; and (iii) the claims of any person or entity that submits a request for exclusion that is accepted by the Court.

32. "Defendants' Releasees" means (i) Defendants and their current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, in their capacities as such; and (ii) Berkley Insurance Company, XL Specialty Insurance Company, Allied World National Assurance Company, Continental Casualty Company, and Old Republic Insurance Company (together, the "CTI Insurers"), and each of the CTI Insurers' respective current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, in their capacities as such.

33. "Unknown Claims" means any Released Plaintiffs' Claims that Lead Plaintiff 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 such claims, and any Released Defendants' Claims which any Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her, or it, might have affected his, her, or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiff and Defendants shall expressly waive, and each of the other Settlement Class Members shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, 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 or foreign law, which is similar, comparable, or equivalent to 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 or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff and Defendants acknowledge, and each of the other Settlement Class Members shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

34. The Judgment will also provide that, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, will have fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Defendants' Claim (as defined in ¶ 35 below) against Lead Plaintiff and the other Plaintiffs' Releasees (as defined in ¶ 36 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees.

35. "Released Defendants' Claims" means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common, or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action against the Defendants. Released Defendants' Claims do not include any claims relating to the enforcement of the Settlement or any claims against any person or entity that submits a request for exclusion from the Settlement Class that is accepted by the Court.

36. "Plaintiffs' Releasees" means Lead Plaintiff, all other plaintiffs in the Action, their respective attorneys, and all other Settlement Class Members, and their respective current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, in their capacities as such.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

37. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation **postmarked no later than February 20, 2018**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, www.CTIBioPharmaSecuritiesSettlement.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-844-402-8599. Please retain all records of your ownership of and transactions in CTI Securities, as they may be needed to document your Claim. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE?

38. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

39. Pursuant to the Settlement, the CTI Defendants agreed to pay or caused to be paid twenty million dollars ($20,000,000) in cash. The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the "Net Settlement Fund" (that is, the Settlement Fund less (a) all federal, state, and/or local taxes on any income earned by the Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing notice to Settlement Class Members and administering the Settlement on behalf of Settlement Class Members; and (c) any attorneys' fees and Litigation Expenses awarded by the Court) will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

40. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

41. Neither Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. Defendants shall not have any liability, obligation, or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund, or the plan of allocation.

42. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

43. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked on or before February 20, 2018 shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the releases given. This means that each Settlement Class Member releases the Released Plaintiffs' Claims (as defined in ¶ 31 above) against the Defendants' Releasees (as defined in ¶ 32 above) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Plaintiffs' Claims against any of the Defendants' Releasees whether or not such Settlement Class Member submits a Claim Form.

44. Participants in and beneficiaries of a CTI sponsored plan covered by ERISA ("CTI ERISA Plan") should NOT include any information relating to their transactions in CTI Securities held through any CTI ERISA Plan in any Claim Form that they may submit in this Action. They should include ONLY those shares that they purchased or acquired outside of any CTI ERISA Plan.

45. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Settlement Class Member.

46. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form.

47. Only Settlement Class Members, *i.e.*, persons and entities who purchased or otherwise acquired CTI Securities during the Class Period and were damaged as a result of such purchases or acquisitions will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class pursuant to request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

PROPOSED PLAN OF ALLOCATION

48. The proposed Settlement covers members of the Settlement Class who purchased or acquired CTI common stock from March 9, 2015 through February 9, 2016, inclusive. All such Settlement Class members have a potential claim under Section 10(b) of the Exchange Act. In addition, Settlement Class members who purchased either the Company's Series N-1 or Series N-2 Preferred Stock that converted to common stock also have claims under Section 11 of the Securities Act. The claims under Section 11 of the Securities Act are relatively stronger than claims under Section 10(b) of the Exchange Act because the burden of pleading and proving such claims is lower. The Plan of Allocation is divided into two parts. The first part governs purchases of either CTI Series N-1 or Series N-2 Preferred Stock that converted to common stock; and the second part governs purchases or acquisitions of CTI common stock.

49. In developing the Plan of Allocation for purchases of CTI Series N-1 or Series N-2 Preferred Stock that converted to common stock, Lead Plaintiff's damages expert used the statutory formula for Section 11 claims. That formula calculates damages as the difference between (1) the purchase price (or the price at which the securities were initially offered if such price is lower than the purchase price), and (2) the sale price (or, if sold after the initial lawsuit, the value at the time the suit was filed if such price is greater than the sale price). Here, the purchase price is the conversion price at which the Preferred Stock converted to common stock.

50. For purchases or acquisitions of CTI common stock, Lead Plaintiff's damages expert calculated the amount of alleged artificial inflation in the price of CTI's common stock caused by Defendants' alleged false and misleading statements and material omissions. The calculations are set forth in Table A at the end of this Notice. The calculations are based on Company-specific stock-price declines following the alleged corrective disclosures on February 8, 2016 and after the market closed on February 9, 2016, taking into account a partial rebound on February 9, 2016.[4] Such price declines and the partial rebound are set forth below:

February 8, 2016 price decline: Market-adjusted price decline of $0.65 per share

February 9, 2016 partial rebound: Market-adjusted price increase of $0.06 per share

February 10, 2016 price decline: Market-adjusted price decline of $0.20 per share

51. The Plan of Allocation for purchases or acquisitions of CTI common stock also takes into account the statutory limit on damages known as the "90-day look back."

52. The calculations for the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations provide a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

53. A "Recognized Loss Amount" will be calculated for each purchase or acquisition of CTI Preferred Stock and CTI common stock during the Class Period that is listed in the Claim Form and for which adequate documentation is provided. In the calculations below, if a Recognized Loss Amount calculates to a negative number, that Recognized Loss Amount shall be zero. For shares with both a Section 11 claim and a Section 10(b) claim, the greater recovery under either of the two Recognized Loss Amount calculations below shall be used. Specifically, for common stock converted from Series N-1 or Series N-2 Preferred Stock, the Recognized Loss Amount is the greater of the amounts calculated under paragraph 54 or 56.

[4] Complaint ¶¶ 171-174.

Calculation of Recognized Loss for Purchases of Series N-1 or Series N-2 Preferred Stock[5]

54. The Recognized Loss Amount for purchases of Series N-1 or Series N-2 Preferred Stock is 120% of the below calculations for such securities in subparagraphs 54.A and 54.B:

October 27, 2015 Offering of Series N-1

A. On October 27, 2015, CTI issued 50,000 shares of Series N-1 Preferred Stock, at a purchase price of $1,000 per share, or $50,000,000 in aggregate. The Series N-1 Preferred Stock was converted into 40 million shares of CTI common stock based on a conversion price of $1.25 per CTI common share. The closing price of CTI common stock on February 10, 2016, when the first suit was filed, was $0.30 per share. For each share of CTI common stock that was converted from Series N-1 Preferred Stock and

(i) sold prior to February 11, 2016, the Recognized Loss Amount is $1.25 per share *less* the sales price per share;

(ii) sold from February 11, 2016 through September 1, 2017, inclusive, the Recognized Loss Amount is $1.25 per share *less* the greater of (a) the sales price per share, or (b) $0.30 per share (the February 10, 2016 closing price); or,

(iii) was retained as of the close of trading on September 1, 2017, the Recognized Loss Amount is $1.25 per share *less* $0.325 per share (the split-adjusted September 1, 2017 closing price).

December 4, 2015 Offering of Series N-2

B. On December 4, 2015, CTI issued 55,000 shares of Series N-2 Preferred Stock, at a purchase price of $1,000 per share, or $55,000,000 in aggregate. The Series N-2 Preferred Stock was converted into 50 million shares of CTI common stock based on a conversion price of $1.10 per CTI common share. The closing price of CTI common stock on February 10, 2016, when the first suit was filed, was $0.30 per share. For each share of CTI common stock that was converted from Series N-2 Preferred Stock and

(i) sold prior to February 11, 2016, the Recognized Loss Amount is $1.10 per share *less* the sales price per share;

(ii) sold from February 11, 2016 through September 1, 2017, inclusive, the Recognized Loss Amount is $1.10 per share *less* the greater of (a) the sales price per share, or (b) $0.30 per share (the February 10, 2016 closing price); or,

(iii) was retained as of the close of trading on September 1, 2017, the Recognized Loss Amount is $1.10 per share *less* $0.325 per share (the split-adjusted September 1, 2017 closing price).

Calculation of Recognized Loss for Purchases or Acquisitions of CTI Common Stock

55. The Recognized Loss Amount for purchases or acquisitions of CTI Common Stock by means other than conversion from Series N-1 or Series N-2 Preferred Stock is 100% of the below calculations for such securities:

56. For each such share of CTI common stock purchased or acquired from March 9, 2015 through February 9, 2016, inclusive, and:

A. sold prior to February 8, 2016, the Recognized Loss Amount is $0;

B. sold on February 8, 2016 or February 9, 2016, the Recognized Loss Amount is the ***lesser*** of:

a. the amount of artificial inflation per share as set forth in Table A on the date of purchase, minus the amount of artificial inflation per share as set forth in Table A on the date of the sale; or

b. purchase/acquisition price minus the sale price.

C. sold from February 10, 2016 through May 9, 2016, inclusive, the Recognized Loss Amount is the ***least*** of:

a. the amount of artificial inflation per share as set forth in Table A on the date of purchase;

b. the purchase/acquisition price minus the sale price; or

[5] All per-share values in paragraph 54 are subject to adjustment for the 1-for-10 reverse common stock split which occurred on January 3, 2017, as discussed in paragraph 59 below.

c. the purchase/acquisition price minus the average closing price between February 10, 2016 and the date of sale as shown on Table B set forth at the end of this Notice.

D. held as of the close of trading on May 9, 2016, the Recognized Loss Amount is the ***lesser*** of:

a. the amount of artificial inflation per share as set forth in Table A on the date of purchase; or

b. the purchase/acquisition price minus $0.53 per share, the average closing price for CTI common stock between February 10, 2016 and May 9, 2016 (the last entry on Table B).

ADDITIONAL PROVISIONS

57. The Net Settlement Fund will be allocated among Authorized Claimants based on the amount of each Authorized Claimant's Recognized Claim (defined below).

58. If a Settlement Class Member has more than one purchase/acquisition or sale of a CTI Security, purchases/acquisitions and sales of the like security shall be matched on a First In, First Out ("FIFO") basis. For CTI common stock, Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period. As noted above, the only shares that are eligible for recovery and for which a Recognized Loss will be calculated are those purchased or acquired during the Class Period. Gains or losses on sales of shares held as of the start of the Class Period are not factored into the calculation of the Recognized Loss Amount.

59. On January 3, 2017, CTI common stock had a 1-for-10 reverse stock split, meaning that for every ten shares of CTI common stock owned pre-split, the shareholder now owned one share. All per-share prices for CTI common stock used in this Plan of Allocation are based on unadjusted values prior to the January 2017 split. If a Claimant has any sales after January 3, 2017 that are used in the calculation of his, her or its Recognized Loss Amount under paragraph 54, the per-share sale price used for purposes of this Plan of Allocation will be his, her or its actual per-share sale price divided by ten.

60. A Claimant's "Recognized Claim" under the Plan of Allocation shall be the sum of his, her or its Recognized Loss Amounts for all purchases or acquisitions of CTI Securities during the Class Period.

61. The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each Authorized Claimant, which shall be the Authorized Claimant's Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant's Distribution Amount calculates to less than $10.00, it will not be included in the calculation and no distribution will be made to such Authorized Claimant.

62. Purchases or acquisitions and sales of CTI Securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of CTI Securities during the Class Period shall not be deemed a purchase, acquisition or sale of CTI Securities for the calculation of an Authorized Claimant's Recognized Loss Amount, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of any CTI Security unless (i) the donor or decedent purchased or otherwise acquired such CTI Security during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to those shares; and (iii) it is specifically so provided in the instrument of gift or assignment.

63. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of the CTI common stock. The date of a "short sale" is deemed to be the date of sale of the CTI common stock. Under the Plan of Allocation, however, the Recognized Loss Amount on "short sales" is zero. In the event that a Claimant has an opening short position in CTI common stock, the earliest Class Period purchases or acquisitions of CTI common stock shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

64. Option contracts are not securities eligible to participate in the Settlement. With respect to CTI common stock purchased or sold through the exercise of an option, the purchase/sale date of the common stock is the exercise date of the option and the purchase/sale price of the common stock is the exercise price of the option.

65. CTI Securities that traded on a foreign exchange are not securities that are eligible to participate in the Settlement.

66. To the extent a Claimant had a market gain with respect to his, her, or its overall transactions in CTI Securities during the Class Period, the value of the Claimant's Recognized Claim shall be zero. Such Claimants shall in any event be bound by the Settlement. To the extent that a Claimant suffered an overall market loss with respect to his, her, or its

overall transactions in CTI Securities during the Class Period, but that market loss was less than the total Recognized Claim calculated above, then the Claimant's Recognized Claim shall be limited to the amount of the actual market loss.

67. For purposes of determining whether a Claimant had a market gain with respect to his, her, or its overall transactions in CTI Securities during the Class Period or suffered a market loss, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount[6] and (ii) the sum of the Total Sales Proceeds[7] and Holding Value.[8] This difference shall be deemed a Claimant's market gain or loss with respect to his, her, or its overall transactions in CTI Securities during the Class Period.

68. After the initial distribution of the Net Settlement Fund, the Claims Administrator shall make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the fund nine (9) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator shall conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least $10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least $10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed to non-sectarian, not-for-profit organization(s) to be recommended by Lead Counsel and approved by the Court, or as otherwise ordered by the Court.

69. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Lead Counsel, Lead Plaintiff's damages expert, or the Claims Administrator or other agent designated by Lead Counsel, or the Defendants' Releasees and/or their respective counsel, arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further orders of the Court. Lead Plaintiff and Defendants, their respective counsel, Lead Plaintiff's damages expert, and all other Releasees shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator, the payment or withholding of taxes (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection therewith.

70. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Lead Plaintiff after consultation with its damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any orders regarding any modification of the Plan of Allocation will be posted on the settlement website.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

71. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against the Defendants on behalf of the Settlement Class, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 20% of the Settlement Fund. At the same time, Lead Counsel also intends to apply for reimbursement of Litigation Expenses in an amount not to exceed $200,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. The Court will determine the amount of any award of attorneys' fees or reimbursement of Litigation

[6] The "Total Purchase Amount" is the total amount the Claimant paid (excluding commissions and other charges) for all CTI Securities purchased or acquired during the Class Period.

[7] The Claims Administrator shall match any sales of CTI common stock during the Class Period, first against the Claimant's opening position in the common stock (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received (not deducting any commissions and other charges) for the remaining sales of CTI Securities sold during the Class Period shall be the "Total Sales Proceeds."

[8] The Claims Administrator shall ascribe a value of $0.30 per share for CTI common stock purchased or acquired during the Class Period (including through conversion from CTI preferred stock) and still held as of the close of trading on February 9, 2016 (the "Holding Value").

Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS? HOW DO I EXCLUDE MYSELF?

72. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Settlement Class, addressed to *In re CTI BioPharma Corp. Securities Litigation*, EXCLUSIONS, c/o GCG, P.O. Box 35100, Seattle, WA 98124-1100. The exclusion request must be mailed or delivered no later than **January 11, 2018**. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must (a) state the name, address, and telephone number of the person or entity requesting exclusion, and in the case of entities, the name and telephone number of the appropriate contact person; (b) state that such person or entity "requests exclusion from the Settlement Class in *In re CTI BioPharma Corp. Securities Litigation*, Case No. 2:16-cv-00216"; and (c) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is mailed or delivered within the time stated above, or is otherwise accepted by the Court.

73. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs' Claim against any of the Defendants' Releasees.

74. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

75. The CTI Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Lead Plaintiff and the CTI Defendants.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

76. **Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing**.

77. The Settlement Hearing will be held on February 1, 2018 at 8:30 a.m., before the Honorable Robert S. Lasnik at the United States District Court for the Western District of Washington, United States Courthouse, 700 Stewart Street, Seattle, WA 98101. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

78. Any Settlement Class Member that does not request exclusion may object to the Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Western District of Washington at the address set forth below on or before January 11, 2018. You must also serve the papers on Lead Counsel and on Defendants' Counsel at the addresses set forth below so that the papers are mailed or delivered no later than **January 11, 2018**.

Clerk's Office

United States District Court
Western District of Washington
Clerk of the Court
United States Courthouse
700 Stewart Street, Suite 2310
Seattle, WA 98101

Lead Counsel

Bernstein Litowitz Berger & Grossmann LLP
David R. Stickney, Esq.
12481 High Bluff Drive,
Suite 300
San Diego, CA 92130

Defendants' Counsel

O'Melveny & Myers LLP
Ross B. Galin, Esq.
Times Square Tower
7 Times Square
New York, NY 10036

and

Dorsey & Whitney LLP
Thomas P. Swigert, Esq.
50 South Sixth Street,
Suite 1500
Minneapolis, MN 55402

79. Any objection (a) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (c) must include documents sufficient to prove membership in the Settlement Class, including the number of shares of each CTI Security that the objecting Settlement Class Member purchased/acquired and/or sold during the Class Period (*i.e.*, from March 9, 2015 through February 9, 2016, inclusive), as well as the dates and prices of each such purchase/acquisition and sale, and the number of shares of CTI common stock held as of the beginning of trading on March 9, 2015. You may not object to the Settlement, the Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

80. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first file and serve a written objection in accordance with the procedures described above, unless the Court orders otherwise.

81. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you timely file and serve a written objection as described above, you must also file a notice of appearance with the Clerk's Office no later than January 11, 2018 and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth above so that it is mailed or delivered no later than January 11, 2018. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

82. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 78 by January 11, 2018.

83. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Class. If you plan to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

84. **Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above may be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

85. If you purchased or otherwise acquired any of the CTI Securities from March 9, 2015 through February 9, 2016, inclusive, for the beneficial interest of persons or organizations other than yourself, you must either (a) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to *In re CTI BioPharma Corp. Securities Litigation*, c/o GCG, P.O. Box 35100, Seattle, WA 98124-1100. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Claim Form to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the website maintained by the Claims Administrator, www.CTIBioPharmaSecuritiesSettlement.com, or by calling the Claims Administrator toll-free at 1-844-402-8599.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

86. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Western District of Washington, United States Courthouse, 700 Stewart Street, Seattle, WA 98101. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, www.CTIBioPharmaSecuritiesSettlement.com.

All inquiries concerning this Notice and the Claim Form should be directed to:

In re CTI BioPharma Corp. Securities Litigation
c/o GCG
P.O. Box 35100
Seattle, WA 98124-1100

(844) 402-8599
www.CTIBioPharmaSecuritiesSettlement.com
info@CTIBioPharmaSecuritiesSettlement.com

and/or

David R. Stickney, Esq.
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
12481 High Bluff Drive, Suite 300
San Diego, CA 92130

(800) 380-8496
blbg@blbglaw.com

DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, DEFENDANTS OR THEIR COUNSEL REGARDING THIS NOTICE.

Dated: November 9, 2017

By Order of the Court
United States District Court
Western District of Washington

TABLE A
Estimated Artificial Inflation in CTI Common Stock

Purchase or Sale Date	Inflation
March 9, 2015 through February 7, 2016	$0.79
February 8, 2016	$0.14
February 9, 2016	$0.20

TABLE B
Closing Price and Average Closing Price of
CTI Common Stock from February 10, 2016 through May 9, 2016

Date	Closing Price	Average Closing Price From February 10, 2016 through Date Shown
2/10/2016	$0.30	$0.30
2/11/2016	$0.32	$0.31
2/12/2016	$0.34	$0.32
2/16/2016	$0.42	$0.34
2/17/2016	$0.50	$0.38
2/18/2016	$0.61	$0.41
2/19/2016	$0.63	$0.44
2/22/2016	$0.69	$0.48
2/23/2016	$0.68	$0.50
2/24/2016	$0.67	$0.51
2/25/2016	$0.63	$0.53
2/26/2016	$0.63	$0.53
2/29/2016	$0.54	$0.53
3/1/2016	$0.56	$0.54
3/2/2016	$0.62	$0.54
3/3/2016	$0.60	$0.55
3/4/2016	$0.59	$0.55
3/7/2016	$0.61	$0.55
3/8/2016	$0.57	$0.55
3/9/2016	$0.55	$0.55
3/10/2016	$0.52	$0.55
3/11/2016	$0.53	$0.55
3/14/2016	$0.53	$0.55
3/15/2016	$0.56	$0.55
3/16/2016	$0.56	$0.55
3/17/2016	$0.55	$0.55
3/18/2016	$0.56	$0.55
3/21/2016	$0.55	$0.55
3/22/2016	$0.55	$0.55
3/23/2016	$0.52	$0.55
3/24/2016	$0.51	$0.55
3/28/2016	$0.50	$0.55
3/29/2016	$0.51	$0.55
3/30/2016	$0.52	$0.55
3/31/2016	$0.53	$0.54
4/1/2016	$0.53	$0.54
4/4/2016	$0.53	$0.54
4/5/2016	$0.51	$0.54
4/6/2016	$0.53	$0.54
4/7/2016	$0.49	$0.54
4/8/2016	$0.49	$0.54
4/11/2016	$0.50	$0.54
4/12/2016	$0.50	$0.54
4/13/2016	$0.52	$0.54
4/14/2016	$0.52	$0.54
4/15/2016	$0.54	$0.54
4/18/2016	$0.54	$0.54
4/19/2016	$0.54	$0.54
4/20/2016	$0.57	$0.54
4/21/2016	$0.56	$0.54
4/22/2016	$0.56	$0.54
4/25/2016	$0.52	$0.54
4/26/2016	$0.53	$0.54
4/27/2016	$0.52	$0.54
4/28/2016	$0.53	$0.54
4/29/2016	$0.50	$0.54
5/2/2016	$0.51	$0.54
5/3/2016	$0.47	$0.54
5/4/2016	$0.44	$0.53
5/5/2016	$0.45	$0.53
5/6/2016	$0.45	$0.53
5/9/2016	$0.44	$0.53

Note: The values in Tables A and B above have not been adjusted for the 1-for-10 reverse stock split which occurred on January 3, 2017.

CBP

Must be Postmarked No Later Than February 20, 2018

In re CTI BioPharma Corp. Securities Litigation
c/o GCG
P.O. Box 35100
Seattle, WA 98124-1100
Toll-Free Number: (844) 402-8599
Email: info@CTIBioPharmaSecuritiesSettlement.com
Website: www.CTIBioPharmaSecuritiesSettlement.com

Claim Number:

Control Number:

PROOF OF CLAIM AND RELEASE FORM

To be potentially eligible to receive a share of the Net Settlement Fund in connection with the Settlement of this Action, you must complete and sign this Proof of Claim and Release Form ("Claim Form") and mail it by first-class mail to the above address, **postmarked no later than February 20, 2018**.

Failure to submit your Claim Form by the date specified will subject your claim to rejection and may preclude you from being eligible to receive any money in connection with the Settlement.

Do not mail or deliver your Claim Form to the Court, the parties to the Action, or their counsel. Submit your Claim Form only to the Claims Administrator at the address set forth above.

TABLE OF CONTENTS **PAGE NO.**

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

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

PART I – CLAIMANT INFORMATION

Claimant or Representative Contact Information:

The Claims Administrator will use this information for all communications relevant to this claim (including the check, if eligible for payment). If this information changes, you MUST notify the Claims Administrator in writing at the address above.

Claimant Name(s) (as the name(s) should appear on the check, if eligible for payment; if the shares are or were jointly owned, the names of all beneficial owners must be provided):

Name of Person the Claims Administrator Should Contact Regarding this Claim Form (Must Be Provided):

Mailing Address - Line 1: Street Address/P.O. Box:

Mailing Address - Line 2 (If Applicable): Apartment/Suite/Floor Number:

City:

State/Province: Zip Code: Country:

Last 4 digits of Claimant Social Security/Taxpayer Identification Number:[1]

Daytime Telephone Number: - - Evening Telephone Number: - -

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

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

PART II – GENERAL INSTRUCTIONS

1. It is important that you completely read and understand the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice") that accompanies this Claim Form, including the Plan of Allocation of the Net Settlement Fund set forth in the Notice. The Notice describes the proposed Settlement, how Settlement Class Members are affected by the Settlement, and the manner in which the Net Settlement Fund will be distributed if the Settlement and Plan of Allocation are approved by the Court. The Notice also contains the definitions of many of the defined terms (which are indicated by initial capital letters) used in this Claim Form. By signing and submitting this Claim Form, you will be certifying that you have read and that you understand the Notice, including the terms of the releases described therein and provided for herein.

2. By submitting this Claim Form, you will be making a request to share in the proceeds of the Settlement described in the Notice. IF YOU ARE NOT A SETTLEMENT CLASS MEMBER (see the definition of the Settlement Class on page 5 of the Notice, which sets forth who is included in and who is excluded from the Settlement Class), OR IF YOU, OR SOMEONE ACTING ON YOUR BEHALF, SUBMITTED A REQUEST FOR EXCLUSION FROM THE SETTLEMENT CLASS, DO NOT SUBMIT A CLAIM FORM. **YOU MAY NOT, DIRECTLY OR INDIRECTLY, PARTICIPATE IN THE SETTLEMENT IF YOU ARE NOT A SETTLEMENT CLASS MEMBER.** THUS, IF YOU ARE EXCLUDED FROM THE SETTLEMENT CLASS, ANY CLAIM FORM THAT YOU SUBMIT, OR THAT MAY BE SUBMITTED ON YOUR BEHALF, WILL NOT BE ACCEPTED.

3. **Submission of this Claim Form does not guarantee that you will share in the proceeds of the Settlement. The distribution of the Net Settlement Fund will be governed by the Plan of Allocation set forth in the Notice, if it is approved by the Court, or by such other plan of allocation as the Court approves.**

4. Use the Schedule of Transactions in Part III of this Claim Form to supply all required details of your transaction(s) (including free transfers and deliveries) in and holdings of CTI Securities (including CTI Series N-1 and Series N-2 Preferred Stock and CTI common stock). On this schedule, please provide all of the requested information with respect to your holdings, purchases, acquisitions, and sales of CTI Securities, whether such transactions resulted in a profit or a loss. **Failure to report all transaction and holding information requested may result in the rejection of your claim.**

5. Please note: Only CTI Securities purchased or acquired during the Class Period (*i.e.*, from March 9, 2015 through February 9, 2016, inclusive) are eligible under the Settlement. However, sales of CTI common stock from February 10, 2016 through September 1, 2017 may be used for purposes of calculating your claim under the Plan of Allocation. Therefore, in order for the Claims Administrator to be able to balance your claim, the requested purchase/acquisition information during this period must also be provided.

6. You are required to submit genuine and sufficient documentation for all of your transactions in and holdings of CTI Securities set forth in the Schedule of Transactions in Part III of this Claim Form. Documentation may consist of copies of brokerage confirmation slips or monthly brokerage account statements, or an authorized statement from your broker containing the transactional and holding information found in a broker confirmation slip or account statement. The Parties, including CTI, and the Claims Administrator do not independently have information about your investments in CTI Securities. IF SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN COPIES OF THE DOCUMENTS OR EQUIVALENT DOCUMENTS FROM YOUR BROKER. FAILURE TO SUPPLY THIS DOCUMENTATION MAY RESULT IN THE REJECTION OF YOUR CLAIM. DO NOT SEND ORIGINAL DOCUMENTS. **Please keep a copy of all documents that you send to the Claims Administrator. Also, please do not highlight any portion of the Claim Form or any supporting documents.**

7. Separate Claim Forms should be submitted for each separate legal entity (*e.g.*, a claim from joint owners should not include separate transactions of just one of the joint owners, and an individual should not combine his or her IRA transactions with transactions made solely in the individual's name). Conversely, a single Claim Form should be submitted on behalf of one legal entity including all transactions made by that entity on one Claim Form, no matter how many separate accounts that entity has (*e.g.*, a corporation with multiple brokerage accounts should include all transactions made in all accounts on one Claim Form).

8. All joint beneficial owners must each sign this Claim Form and their names must appear as "Claimants" in Part I of this Claim Form. If you purchased or otherwise acquired CTI Securities during the Class Period and held the shares in your name, you are the beneficial owner as well as the record owner and you must sign this Claim Form to participate in the Settlement. If, however, you purchased or otherwise acquired CTI Securities during the relevant time period and the securities were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial owner of these shares, but the third party is the record owner. The beneficial owner, not the record owner, must sign this Claim Form to be eligible to participate in the Settlement.

PART II – GENERAL INSTRUCTIONS (CONTINUED)

9. Agents, executors, administrators, guardians, and trustees must complete and sign the Claim Form on behalf of persons represented by them, and they must:

(a) expressly state the capacity in which they are acting;

(b) identify the name, account number, Social Security Number (or taxpayer identification number), address and telephone number of the beneficial owner of (or other person or entity on whose behalf they are acting with respect to) the CTI Securities; and

(c) furnish herewith evidence of their authority to bind to the Claim Form the person or entity on whose behalf they are acting. (Authority to complete and sign a Claim Form cannot be established by stockbrokers demonstrating only that they have discretionary authority to trade securities in another person's accounts.)

10. By submitting a signed Claim Form, you will be swearing that you:

(a) own (or owned) the CTI Securities you have listed in the Claim Form; or

(b) are expressly authorized to act on behalf of the owner thereof.

11. By submitting a signed Claim Form, you will be swearing to the truth of the statements contained therein and the genuineness of the documents attached thereto, subject to penalties of perjury under the laws of the United States of America. The making of false statements, or the submission of forged or fraudulent documentation, will result in the rejection of your claim and may subject you to civil liability or criminal prosecution.

12. If the Court approves the Settlement, payments to eligible Authorized Claimants pursuant to the Plan of Allocation (or such other plan of allocation as the Court approves) will be made after any appeals are resolved, and after the completion of all claims processing. The claims process will take substantial time to complete fully and fairly. Please be patient.

13. **PLEASE NOTE:** As set forth in the Plan of Allocation, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. If the prorated payment to any Authorized Claimant calculates to less than $10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

14. If you have questions concerning the Claim Form, or need additional copies of the Claim Form or the Notice, you may contact the Claims Administrator, GCG, at the address indicated on the first page of this Claim Form, by email at info@CTIBioPharmaSecuritiesSettlement.com, or by toll-free phone at 844-402-8599, or you can visit the Settlement website, www.CTIBioPharmaSecuritiesSettlement.com, where copies of the Claim Form and Notice are available for downloading.

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

IMPORTANT: PLEASE NOTE

YOUR CLAIM IS NOT DEEMED FILED UNTIL YOU RECEIVE AN ACKNOWLEDGEMENT POSTCARD. THE CLAIMS ADMINISTRATOR WILL ACKNOWLEDGE RECEIPT OF YOUR CLAIM FORM BY MAIL, WITHIN 60 DAYS. IF YOU DO NOT RECEIVE AN ACKNOWLEDGEMENT POSTCARD WITHIN 60 DAYS, PLEASE CALL THE CLAIMS ADMINISTRATOR TOLL FREE AT (844) 402-8599.

PART III – SCHEDULE OF TRANSACTIONS IN CTI SECURITIES

Please be sure to include proper documentation with your Claim Form as described in detail in Part II – General Instructions, Paragraph 6, above.

1.	**HOLDINGS AS OF MARCH 9, 2015:** State the total number of shares of CTI common stock held as of the opening of trading on **March 9, 2015** (Must be documented). If none, write "zero" or "0".	

2. PURCHASES/ACQUISITIONS FROM MARCH 9, 2015 THROUGH FEBRUARY 9, 2016: Separately list each and every purchase and/or acquisition (including free receipts) of CTI common stock from after the opening of trading on **March 9, 2015** through the close of trading on **February 9, 2016**. (Must be documented.)

- Include any CTI common shares that were acquired as the result of conversions from CTI Series N-1 or Series N-2 Preferred Stock purchased in the offerings that occurred on October 27, 2015 and December 4, 2015. For shares obtained through such conversions, write "**N-1**" or "**N-2**" as appropriate in the "Method of Acquisition" column below, list the number of shares of CTI common stock into which the Preferred Stock was converted, and list the conversion price ($1.25 for Series N-1 and $1.10 for Series N-2) as the "Purchase/Acquisition Price Per Common Share."
- If you purchased CTI common stock on the open market (or acquired common stock in any other way not involving a conversion from the Preferred Stock), leave the "Method of Acquisition" column blank.

Date of Purchase or Acquisition (List Chronologically) (Month/Day/Year)	Number of Common Shares Purchased/Acquired	Purchase/Aquisition Price Per Common Share	Total Purchase/Aquisition Price (excluding fees, taxes, and commissions)	Confirm Proof of Purchase Enclosed	Method of Acquisition (See instructions above)
/ /		.	.		
/ /		.	.		
/ /		.	.		
/ /		.	.		
/ /		.	.		
/ /		.	.		

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU **MUST** PHOTOCOPY THIS PAGE AND CHECK THIS BOX. ☐
PRINT THE BENEFICIAL OWNER'S FULL NAME AND LAST FOUR DIGITS OF SOCIAL SECURITY/TAXPAYER IDENTIFICATION NUMBER ON EACH ADDITIONAL PAGE.
IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL **NOT** BE REVIEWED

PART III – SCHEDULE OF TRANSACTIONS IN CTI SECURITIES (CONTINUED)

3. **PURCHASES/ACQUISITIONS FROM FEBRUARY 10, 2016 THROUGH SEPTEMBER 1, 2017:** State the total number of shares of CTI common stock purchased or acquired (including free receipts) during each of the following periods below.[2] If none, write "zero" or "0." **Note**: CTI common stock experienced a 1-for-10 reverse stock split on January 3, 2017. In each section, list the actual number of shares acquired at the time of the acquisition (without adjustment for the split). (Must be documented.)

A. Total shares purchased/acquired from February 10, 2016 through January 2, 2017:

B. Total shares purchased/acquired from January 3, 2017 through September 1, 2017:

4. **SALES FROM MARCH 9, 2015 THROUGH SEPTEMBER 1, 2017:** Separately list each and every sale or disposition (including free deliveries) of CTI common stock from after the opening of trading on **March 9, 2015** through the close of trading on **September 1, 2017**. (Must be documented.)

- **Note:** CTI common stock experienced a 1-for-10 reverse stock split on the opening of trading on January 3, 2017. In all transactions listed below, list the actual number of shares sold and sales price per share in effect at the time of the transaction (without adjustment for the split).

IF NONE, CHECK HERE:

Date of Sale List Chronologically (Month/Day/Year)	Number of Shares Sold	Sale Price Per Share	Total Sale Price (not deducting any fees, taxes, and commissions)	Confirm Proof of Sale Enclosed
/ /		.	.	
/ /		.	.	
/ /		.	.	
/ /		.	.	
/ /		.	.	

5. **HOLDINGS AS OF SEPTEMBER 1, 2017:** State the total number of shares of CTI common stock held as of the close of trading on **September 1, 2017**. (Must be documented.) If none, write "zero" or "0".

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU **MUST** PHOTOCOPY THIS PAGE AND CHECK THIS BOX. ☐
PRINT THE BENEFICIAL OWNER'S FULL NAME AND LAST FOUR DIGITS OF SOCIAL SECURITY/TAXPAYER IDENTIFICATION NUMBER ON EACH ADDITIONAL PAGE.
IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL **NOT** BE REVIEWED

[2] **Please note:** Information requested with respect to your purchases and acquisitions of CTI common stock from February 10, 2016 through and including September 1, 2017 is needed in order to balance your claim; purchases during this period, however, are not eligible under the Settlement and will not be used for purposes of calculating your Recognized Claim pursuant to the Plan of Allocation.

PART IV – RELEASE OF CLAIMS AND SIGNATURE

YOU MUST ALSO READ THE RELEASE AND CERTIFICATION BELOW AND SIGN ON PAGE 8 OF THIS CLAIM FORM.

I (we) hereby acknowledge that, pursuant to the terms set forth in the Stipulation, without further action by anyone, upon the Effective Date of the Settlement, I (we), on behalf of myself (ourselves) and my (our) heirs, executors, administrators, predecessors, successors, and assigns, in their capacities as such, shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Plaintiff's Claim (including, without limitation, any Unknown Claims) against Defendants and the other Defendants' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiff's Claims against any of the Defendants' Releasees.

CERTIFICATION

By signing and submitting this Claim Form, the claimant(s) or the person(s) who represent(s) the claimant(s) agree(s) to the release above and certifies (certify) as follows:

1. that I (we) have read and understand the contents of the Notice and this Claim Form, including the releases provided for in the Settlement and the terms of the Plan of Allocation;

2. that the claimant(s) is a (are) Settlement Class Member(s), as defined in the Notice, and is (are) not excluded by definition from the Settlement Class as set forth in the Notice;

3. that the claimant(s) has (have) **not** submitted a request for exclusion from the Settlement Class;

4. that I (we) own(ed) the CTI Securities identified in the Claim Form and have not assigned the claim against any of the Defendants or any of the other Defendants' Releasees to another, or that, in signing and submitting this Claim Form, I (we) have the authority to act on behalf of the owner(s) thereof;

5. that the claimant(s) has (have) not submitted any other claim covering the same purchases of CTI Securities and knows (know) of no other person having done so on the claimant's (claimants') behalf;

6. that the claimant(s) submit(s) to the jurisdiction of the Court with respect to claimant's (claimants') claim and for purposes of enforcing the releases set forth herein;

7. that I (we) agree to furnish such additional information with respect to this Claim Form as Lead Counsel, the Claims Administrator or the Court may require;

8. that the claimant(s) waive(s) the right to trial by jury, to the extent it exists, and agree(s) to the Court's summary disposition of the determination of the validity or amount of the claim made by this Claim Form;

9. that I (we) acknowledge that the claimant(s) will be bound by and subject to the terms of any judgment(s) that may be entered in the Action; and

10. that the claimant(s) is (are) NOT subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code because (a) the claimant(s) is (are) exempt from backup withholding or (b) the claimant(s) has (have) not been notified by the IRS that he, she, or it is subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified the claimant(s) that he, she, or it is no longer subject to backup withholding. **If the IRS has notified the claimant(s) that he, she, or it is subject to backup withholding, please strike out the language in the preceding sentence indicating that the claim is not subject to backup withholding in the certification above.**

PART IV – RELEASE OF CLAIMS AND SIGNATURE (CONTINUED)

UNDER THE PENALTIES OF PERJURY, I (WE) CERTIFY THAT ALL OF THE INFORMATION PROVIDED BY ME (US) ON THIS CLAIM FORM IS TRUE, CORRECT, AND COMPLETE, AND THAT THE DOCUMENTS SUBMITTED HEREWITH ARE TRUE AND CORRECT COPIES OF WHAT THEY PURPORT TO BE.

_____ _____

Signature of Claimant Date

_____

Print Name of Claimant

_____ _____

Signature of Joint Claimant, if any Date

_____

Print Name of Joint Claimant, if any

If claimant is other than an individual, or is not the person completing this form, the following also must be provided:

_____ _____

Signature of Person signing on behalf of claimant Date

_____

Print your name here

_____

Capacity of person signing on behalf of claimant, if other than an individual, *e.g.*, executor, president, custodian, etc. (Must provide evidence of authority to act on behalf of claimant – see paragraph 9 on page 4 of this Claim Form.)

REMINDER CHECKLIST:

1. Please sign the above release and certification. If this Claim Form is being made on behalf of joint claimants, then both must sign.

2. Remember to attach only **copies** of acceptable supporting documentation as these documents will not be returned to you.

3. Please do not highlight any portion of the Claim Form or any supporting documents.

4. Keep copies of the completed Claim Form and documentation for your own 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 toll free at 844-402-8599.**

6. If your address changes in the future, or if this Claim Form was sent to an old or incorrect address, please send the Claims Administrator written notification of your new address. If you change your name, please inform the Claims Administrator.

7. If you have any questions or concerns regarding your claim, please contact the Claims Administrator at the address below, by email at info@CTIBioPharmaSecuritiesSettlement.com, or by toll-free phone at 844-402-8599, or you may visit www.CTIBioPharmaSecuritiesSettlement.com. Please DO NOT call CTI or any of the other Defendants or their counsel with questions regarding your claim.

THIS CLAIM FORM MUST BE MAILED TO THE CLAIMS ADMINISTRATOR BY FIRST-CLASS MAIL, **POSTMARKED NO LATER THAN FEBRUARY 20, 2018**, ADDRESSED AS FOLLOWS:

In re CTI BioPharma Corp. Securities Litigation
c/o GCG
P.O. Box 35100
Seattle, WA 98124-1100

A Claim Form received by the Claims Administrator shall be deemed to have been submitted when posted, if a postmark date on or before February 20, 2018 is indicated on the envelope and it is mailed by first-class mail, and addressed in accordance with the above instructions. In all other cases, a Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to fully process all of the Claim Forms. Please be patient and notify the Claims Administrator of any change of address.

Exhibit

B

The Honorable Robert S. Lasnik

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL Hon. Robert S. Lasnik **CLASS ACTION**

SUMMARY NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

TO: All persons and entities who, during the period from March 9, 2015 through February 9, 2016, inclusive, purchased or otherwise acquired any shares of the common stock of CTI BioPharma Corp. ("CTI"), CTI Series N-1 Preferred Stock, or CTI Series N-2 Preferred Stock:

PLEASE READ THIS NOTICE CAREFULLY, YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

YOU ARE HEREBY NOTIFIED that the above-captioned litigation (the "Action") has been certified as a class action on behalf of the Settlement Class as set forth in the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice") that is available by contacting the claims administrator or from www.CTIBioPharmaSecurtiesSettlement.com.

YOU ARE ALSO NOTIFIED that Lead Plaintiff in the Action has reached a proposed settlement of the Action for $20,000,000 in cash (the "Settlement"), that, if approved, will resolve all claims in the Action.

A hearing will be held on February 1, 2018 at 8:30 a.m., before the Honorable Robert S. Lasnik at the United States District Court for the Western District of Washington, United States Courthouse, 700 Stewart Street, Seattle, WA 98101, to determine (i) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (ii) whether the Action should be dismissed with prejudice, and the Releases specified and described in the Stipulation and Agreement of Settlement dated September 15, 2017 (and in the Notice) should be granted; (iii) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (iv) whether Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses should be approved.

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Any objections to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of expenses, must be filed with the Court and mailed or delivered to Lead Counsel and Defendants' Counsel no later than January 11, 2018, in accordance with the instructions set forth in the Notice.

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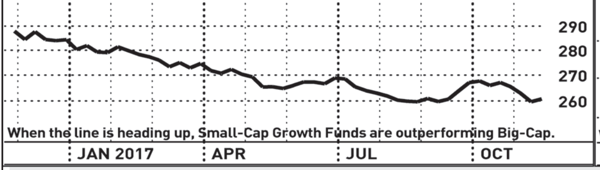
By Order of the Court

SMALL-CAP GROWTH FUNDS VS. BIG-CAP GROWTH FUNDS

Funds in Small-Cap Index: Federated Kaufmann R, Fidelity Adv Small Cap T, Franklin Small Mid Cap Gr A, Lkcm Small Cap Equity Instl, Nuveen Small Cap Gr Opps I

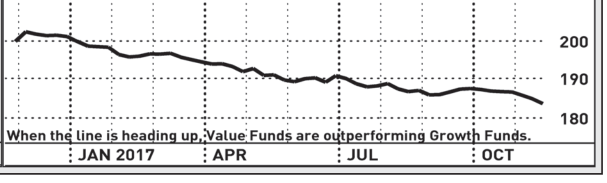
Largest positions of funds in Small-Cap Index: RoperTech, Cognex, 2U, Rockwell-, IS, Marriott-, Polaris, Stamps, CorceptTh, Veeva Sys A, Servicenow, Workday, Firstcash, PraHealth, New Relic, OlliesBar-, EpamSyst, Evercore, Wingstop, MKSInstr



VALUE FUNDS VS. GROWTH FUNDS

Funds in Value Index: Amer Century Inc & Gr Inv, Clearbridge Value C, Davis New York Venture A, Fpa Capital, Sequoia

Largest positions of funds in Value Index: Amazon, BerkHthwyA, WellsFargo, JPMorganCh, Apple, ExxonMobil, Intel, Pfizer, Mastercard, TJX Cos, CarMax, Dentsply Sir, Microsoft, Oracle, Synchrony-, Citi, WesternDgtl, Arris Intl, Cimarex, Avnet



Top Growth Funds

Last 3 Months (All Total Returns)

Mutual Fund	% Change Last 3 Mos	Performance Rating 36 Mos	$ Net Assets
Delaware A SMIDCapGrow	+ 16	B	1.3 bil
Motley Fool GreatAmer	+ 15	B+	231 mil
PRIMECAPOdyssey AggrGrowth	+ 14	A+	7.998 bil
PRIMECAPOdyssey Growth	+ 13	A+	8.436 bil
Nuveen Cl I NWQSmVal	+ 13	B+	711 mil
Oppenheimer A Discovery	+ 13	A	2.1 bil
Meridian Funds ContraLeg	+ 12	A	698 mil
Principal Investors MidCapGroJ	+ 12	A	146 mil
Brown Captl Mgmt SmallCo	+ 12	A+	3.8 bil
Principal Investors LrgCapGrA	+ 12	B+	1.67 bil
Royce PAMutlInv	+ 12	B	2.434 bil
Federated A MDTMdGrStr	+ 11	B+	290 mil
Royce PremierInv	+ 11	B+	2.284 bil
Scout Funds MidCap	+ 11	A+	1.7 bil
American Funds A NewEcon	+ 11	A	16.1 bil
Alliance Brnstn I SmCapGrl	+ 11	A	975 mil
Wasatch CoreGrowth	+ 11	A	1.463 bil
Royce HeritageSev	+ 11	B	228 mil
JP Morgan A DynSmlGr	+ 11	A+	169 mil
JP Morgan Instl SmallGrow	+ 11	A+	1.345 bil
Alger SmCapGr	+ 11	B+	141 mil
Putnam A SmlCapGr	+ 11	B	176 mil
Invesco Funds A Sml Cap Gr	+ 11	A−	2.622 bil
Victory GrowOpps	+ 11	A	414 mil
Eagle MidCpGrowA	+ 11	A	2.4 bil

Top Growth Funds

Last 36 Months (All Total Returns)

Mutual Fund	% Change In 2016	Performance Rating 36 Mos	$ Net Assets
Fidelity OTC	+ 37	A+	16.947 bil
Virtus Funds I SmlCapCore	+ 28	A+	486 mil
Fidelity GrwthCmpny	+ 34	A+	38.21 bil
Fidelity SmlGrow	+ 25	A+	3.358 bil
Mass Mutl Select SelFndGrwA	+ 24	A+	126 mil
Fidelity Adv A SmallGrowA	+ 24	A+	3.358 bil
Columbia Z SmallGrl	+ 24	A+	445 mil
Natixis GrowthY	+ 31	A+	6 bil
Federated Instl MDTSmICpGr	+ 21	A+	196 mil
Price LgCpGrInstl	+ 36	A+	12.531 bil
Morgan Stan Ins CapGrl	+ 42	A+	3.823 bil
USAA Nasdaq100	+ 31	A+	1.379 bil
Janus Henderson FortyInstl	+ 30	A+	733 mil
Brown Captl Mgmt SmallCo	+ 29	A+	3.8 bil
Janus Aspn Inst Enterprise	+ 25	A+	999 mil
EdgeWood EdgwdGrInst	+ 33	A+	6.3 bil
PriceFds LgCoreGr	+ 34	A+	2.293 bil
PriceFds BlueChipGrw	+ 34	A+	39.1 bil
Frank/Tmp Fr A Dynatech	+ 40	A+	3.3 bil
Transamerica A CapGrwA	+ 42	A+	1.1 bil
PRIMECAPOdyssey AggrGrowth	+ 29	A+	7.998 bil
Rydex Invest Ndq100	+ 30	A+	948 mil
Janus Henderson Forty	+ 28	A+	2.2 bil
Federated A KaufSmlCap	+ 31	A+	760 mil
Fidelity NasdaqIndex	+ 27	A+	4.754 bil

U.S. Stock Fund Cash Position High (11/00) 6.2% Low (6/15) 2.7%

APR	16	2.9%	OCT	16	2.8%	APR	17	2.7%
MAY	16	3.0%	NOV	16	2.9%	MAY	17	2.8%
JUN	16	3.0%	DEC	16	2.6%	JUN	17	2.8%
JUL	16	2.8%	JAN	17	2.7%	JUL	17	2.8%
AUG	16	2.9%	FEB	17	2.7%	Aug	17	2.8%
SEP	16	2.9%	MAR	17	2.8%	Sep	17	2.8%

The Honorable Robert S. Lasnik

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION

Case No. 2:16-cv-00216-RSL
Hon. Robert S. Lasnik
CLASS ACTION

SUMMARY NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

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A hearing will be held on February 1, 2018 at 8:30 a.m., before the Honorable Robert S. Lasnik at the United States District Court for the Western District of Washington, United States Courthouse, 700 Stewart Street, Seattle, WA 98101, to determine (i) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (ii) whether the Action should be dismissed with prejudice, and the Releases specified and described in the Stipulation and Agreement of Settlement dated September 15, 2017 (and in the Notice) should be granted; (iii) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (iv) whether Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses should be approved.

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Any objections to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of expenses, must be filed with the Court and mailed or delivered to Lead Counsel and Defendants' Counsel no later than January 11, 2018, in accordance with the instructions set forth in the Notice.

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By Order of the Court

INVESTOR'S BUSINESS DAILY®

Affidavit of Publication

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City, State, Zip:	Los Angeles, CA 90066
Phone #:	310.448.6700
State of:	California
County of:	Los Angeles

I, **Kathleen Murray** for the publisher of **IBD Weekly**, published in the city of Los Angeles, state of California, county of Los Angeles hereby certify that the attached notice(s) for Garden City Group. LLC/CTI BioPharma Corp. was printed in said publication on the following date(s):

NOVEMBER 20, 2017

State of California

County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 20th day of November, 2017, by

_____, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature _____ (Seal)

RICHARD C. BRAND II
COMM. # 2098295
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
COMM. EXPIRES FEB. 25, 2019

Exhibit

C

Bernstein Litowitz Berger & Grossman LLP Announces Proposed Settlement in the CTI Biopharma Corp. Securities Litigation

SEATTLE, Nov. 20, 2017 /PR Newswire/ -- The following statement is being issued by Bernstein Litowitz Berger & Grossmann LLP regarding the *In re CTI BioPharma Corp. Securities Litigation*.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL Hon. Robert S. Lasnik **CLASS ACTION**

SUMMARY NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

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A hearing will be held on February 1, 2018 at 8:30 a.m., before the Honorable Robert S. Lasnik at the United States District Court for the Western District of Washington, United States Courthouse, 700 Stewart Street, Seattle, WA 98101, to determine (i) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (ii) whether the Action should be dismissed with prejudice, and the Releases specified and described in the Stipulation and Agreement of Settlement dated September 15, 2017 (and in the Notice) should be granted; (iii) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (iv) whether Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses should be approved.

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By Order of the Court

# # #

_____

CONTACT: David R. Stickney, Esq., Bernstein Litowitz Berger & Grossmann LLP, (800) 380-8496

SOURCE Bernstein Litowitz Berger & Grossmann LLP

Bernstein Litowitz Berger & Grossmann LLP Announces Proposed Settlement in the CTI Biopharma Corp. Securities Litigation

NEWS PROVIDED BY
Bernstein Litowitz Berger & Grossmann LLP →
09:00 ET

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WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL
	Hon. Robert S. Lasnik
	CLASS ACTION

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By Order of the Court

SOURCE Bernstein Litowitz Berger & Grossmann LLP

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Exhibit 4

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL DECLARATION OF BJORN I. STEINHOLT, CFA IN SUPPORT OF THE PROPOSED PLAN OF ALLOCATION

I, BJORN I. STEINHOLT, declare as follows:

I. INTRODUCTION AND QUALIFICATIONS

1. I am a Managing Director at Caliber Advisors, Inc. ("Caliber"), a full-service valuation and economic consulting firm with offices in San Diego, California and Chicago, Illinois. Prior to Caliber, I was a founding Principal of Financial Markets Analysis ("FMA"), an economic consulting, valuation and litigation support firm focusing on securities litigation consulting. Prior to FMA, I was a Vice President and then Principal at Business Valuation Services ("BVS"), a national full-service financial valuation firm that was part of publicly traded CBIZ, Inc. (NYSE: CBIZ). Prior to BVS, I was a Financial Analyst, Vice President and Senior Vice President in the San Diego office of Princeton Venture Research, Inc. ("PVR"), a national investment banking, venture capital and litigation support firm. Prior to PVR, I was a Graduate Fellow performing investment research at the University of San Diego graduate business school.

2. I have more than 25 years of experience providing capital markets consulting, including analyzing and valuing investments. Over the past 15 years, I have been retained on numerous occasions to provide expert opinions relating to market efficiency, materiality, loss causation and damages in large and complex securities class actions similar to this litigation. In *China Intelligent Lighting and Elecs., Inc.*, No. 11-cv-02768 (C.D. Cal.), the Court entered its judgment based on my aggregate damages estimate. In *Jaffe v. Household Int'l Inc., et al.*, No. 02-cv-05893 (N.D. Ill.), the Court adopted my guidance and applied the prime rate when calculating pre-judgment interest for its final judgment. In *Novatel Wireless Sec. Litig.*, No. 08-

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cv-01689 (S.D. Cal.), the Court undertook a rigorous *Daubert* analysis of every element of my comprehensive loss causation and damages methodology, concluding that all of my testimony was admissible. Other Courts have similarly found my testimony regarding damages in securities cases admissible, including in *New England Health, et al. v. Qwest Commc'ns Int'l Inc., et al.*, No. 01-cv-01451 (D. Col.), *Employer-Teamsters Joint Council Pension Trust Fund v. America West Holding, et al.*, No. 99-CV-399 (D. Ariz.), *Nursing Home Pension Fund, et al. v. Oracle Corp., et al.*, No. 01-cv-00988 (N.D Cal.) and *Carson, et al. v. Neopharm Inc., et al.*, No. 02-cv-02976 (N.D. Ill.). Furthermore, several other Courts have cited my testimony in support of their own decisions, including in *Healthsouth Corp. Sec. Litig.*, No. 03-cv-01501 (N.D. Ala.), *Luman v. Anderson, et al.*, No. 08-cv-00514 (W.D. Mo.), *Abu Dhabi Commercial Bank v. Morgan Stanley & Co.*, 08-CV-7508 (S.D. N.Y.), *Marcus v. J.C. Penney Co.*, No. 13-cv-736 (E.D. Tex.), and *Alan Willis, et al. v. Big Lots, Inc.*, 12-cv-00604 (S.D. Ohio).

3. I received a Master of International Business degree from the University of San Diego and a Bachelor of Science degree in Computer Science and Engineering from California State University, Long Beach. In addition to my graduate business degree and my engineering degree, I have earned the professional designation Chartered Financial Analyst ("CFA") awarded by the CFA Institute, and I participate in its continuing education program. The CFA designation is a qualification for finance and investment professionals focusing on investment management and securities analyses of common stock, fixed income and other investments. A summary of my background and qualifications is attached as Exhibit 1 to this declaration.

4. Following the settlement in this case, I was asked by Lead Counsel to develop a fair and equitable plan to allocate the settlement proceeds among Settlement Class Members who purchased or acquired shares of the common stock of CTI BioPharma Corp. ("CTI"), CTI Series N-1 Preferred Stock, or CTI Series N-2 Preferred Stock, other than shares of such securities that traded on an exchange outside the United States (collectively, the "CTI Securities") from March 9, 2015 through February 9, 2016, inclusive (the "Class Period").

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5. Based on my analysis of the economic evidence, in combination with my consultations with Lead Counsel regarding the factual evidence and their legal theories of the alleged securities laws violations, I developed the Plan of Allocation included in the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Plan of Allocation" or the "Plan").

6. In my opinion, the Plan of Allocation provides a fair, reasonable and adequate methodology to distribute the net settlement amount to Settlement Class Members who submit Claim Forms to participate in the Settlement.

II. PROPOSED PLAN OF ALLOCATION

7. The objective of the Plan of Allocation is to equitably distribute the settlement proceeds to those Settlement Class Members based on the misconduct alleged in the Action, the different legal claims asserted and the economic damages suffered by Settlement Class Members.

8. For the purpose of my analysis, I have assumed that Plaintiffs' factual allegations are true.[1] The Plan of Allocation is divided into two parts. The first part governs purchases or acquisitions of CTI Series N-1 or Series N-2 Preferred Stock ("Preferred Stock") that converted to common stock with Section 11 claims; and the second part governs purchases or acquisitions of CTI common stock (other than through conversions from Preferred Stock) that have only Section 10(b) claims.

A. CTI Series N-1 and N-2 Preferred Stock

9. Recognized Loss Amounts under the Plan of Allocation for purchases of Preferred Stock which converted to common stock are calculated based on the statutory damages

[1] This is consistent with the traditional role of a damages expert. Mark A. Allen, et al., *Reference Guide on Estimation of Economic Damages in Reference Manual on Scientific Evidence*, 432 (3rd ed.) ("In almost all cases, the damages expert proceeds on the hypothesis that the defendant committed the harmful act and that it was unlawful.").

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formula applicable to claims under Section 11, 15 U.S.C. § 77k. That formula calculates damages as the difference between (1) the purchase price for the security (or the price at which the securities were initially offered if such price is lower than the purchase price), and (2) the sale price (or, if sold after the initial lawsuit, the value at the time the suit was filed if such price is greater than the sale price). *See* 15 U.S.C. § 77k(e).

10. Here, the purchase price used for purposes of the Plan is the conversion price at which the Preferred Stock converted to common stock ($1.25 per common share for Series N-1 and $1.10 per common share for Series N-2). *See* Notice ¶ 54. The sale price is the price at which the common shares acquired as the result of the purchase and conversion of Preferred Stock were sold (as those shares are matched in a first in, first out basis). *See* Notice ¶¶ 54, 58.[2] The first lawsuit that asserted claims related to the claims in this Action was filed on February 10, 2016, and thus the closing price of CTI common stock on that date ($0.30 per share) is used as the value at the time the suit was filed. *See* Notice ¶¶ 54(A)(ii), 54(B)(ii). The date of the Stipulation of Settlement on September 1, 2017 is used as a final cutoff date for calculations under the Plan. If, therefore, a Claimant continued to hold shares through September 1, 2017, the closing price of CTI common stock on that date after adjusting for a reverse split is used to calculate the Recognized Loss Amount on that transaction. *See* Notice ¶¶ 54(A)(iii), 54(B)(iii).

11. In addition, to reflect the fact that claims under Section 11 have lower burdens of pleading and proof than claims under Section 10(b), the Recognized Loss Amounts for purchases of the Preferred Stock is 120% of the calculated amount (effectively enhancing them by 20% above Section 10(b) claims, which are not adjusted). *See* Notice ¶ 54.

[2] On January 3, 2017, CTI common stock had a 1-for-10 reverse stock split, meaning that for every ten shares of CTI common stock owned pre-split, the shareholder now owned one share. For any sales of CTI common stock on and after January 3, 2017, the sale price used for purposes of the Plan of Allocation will be the Claimant's actual per-share sale price divided by ten.

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B. CTI Common Stock

12. For purchasers of CTI common stock with §10(b) claims, the relevant loss occurred when the alleged truth concealed by the misrepresentations and/or omissions was disclosed and the stock price declined as a result. In other words, the alleged misrepresentations and/or omissions inflated CTI's stock price causing it to trade at artificially inflated prices until this price inflation was corrected by the disclosure of the relevant truth previously concealed by the alleged fraud. Class members' losses associated with this fraud-related price inflation, therefore, equals the portion of CTI's stock price decline attributable to the disclosure of the alleged truth. Class members who sold prior to any disclosure of the alleged truth have no losses attributable to the disclosure of the alleged truth, and consequently were not damaged by the alleged fraud.

13. Here, Plaintiffs allege that disclosures of the alleged truth correcting the inflation caused by the alleged misrepresentations and omissions occurred on: (a) February 8, 2016, when CTI announced that the FDA had placed a partial hold on clinical trials of pacritinib due to safety concerns, and (b) on February 9, 2016, after the market closed, when CTI disclosed that the FDA had placed a hold on clinical trials of pacritinib. Plaintiffs further allege that these disclosures affected the price of CTI common stock on February 8, 2016 and February 10, 2016.

14. To quantify the price impact of the alleged fraud, I performed an event study for each of the two disclosures of the alleged truth discussed above. An event study is a widely accepted methodology used to: (a) isolate the company-specific portion of a price decline after controlling for market and industry factors, and (b) to determine whether the decline is statistically significant, *i.e.*, unlikely to have occurred simply by chance. As explained in one academic article: "An event study, a technique developed and refined by financial economists, can be very useful in securities fraud cases . . . because [it] allow[s] the investigator to discern whether information that is used in an allegedly fraudulent action is important to investors and to

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determine the value of the information."[3] In this case, using the event study methodology, the Company-specific portion of CTI's common stock price decline following each of the alleged corrective disclosures above was quantified. Furthermore, each decline was found to be statistically significant at the 1% level.[4]

15. More specifically, I found that CTI common stock had an abnormal price decline (net of market and industry effects) of $0.65 per share on February 8, 2016 following the disclosure of the alleged truth on that day and an abnormal price decline of $0.20 on February 10, 2016, following the post-market disclosure of the alleged truth on February 9, 2016. In addition, I found that CTI common stock had a statistically significant (1% level) abnormal price increase (rebound) on February 9, 2016 of $0.06 per share. Accordingly, I calculated the amount of alleged artificial inflation in CTI common stock as: (a) $0.79 per share from March 9, 2015 (when Plaintiffs allege that the misrepresentations about pacritinib began) through February 7, 2016; (b) $0.14 per share on February 8, 2016; (c) $0.20 per share on February 9, 2016; and (d) $0.00 on February 10, 2016 and thereafter. *See* Notice Table A.

16. Generally speaking, the Recognized Loss Amount on CTI common stock purchased or acquired during the Class Period and retained through February 10, 2016 is equal to the amount of price inflation on the date of purchase. *See* Notice ¶¶ 56(C)(a), 56(D)(a). For CTI common stock purchased or acquired during the Class Period and sold on February 8 or 9, 2016, the Recognized Loss Amount is the price inflation on the date of purchase minus the price inflation remaining on the date of sale. *See* Notice ¶ 56(B)(a). For shares of CTI common stock sold before the February 8, 2016 corrective disclosure, the Recognized Loss Amount is $0.00. *See* Notice ¶ 56(A).

[3] Mark L. Mitchell & Jeffry M. Netter, "The Role of Financial Economics in Securities Fraud Cases: Applications at the Securities and Exchange Commission," 49 *Bus. Law* 545 (Feb. 1994).

[4] A price decline meets the 1% benchmark if there is only a 1% (or less) probability of a price decline of equal (or greater magnitude) occurring randomly.

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17. Calculations for Section 10(b) claims under the Plan are not simply based on the fraud-related losses suffered by Settlement Class Members on the corrective disclosures days (adjusted for the statistically significant increase on February 9, 2016). The Plan also limits a Settlement Class Member's Recognized Loss Amount to the difference between the actual purchase price and sales price of the common stock. *See* Notice ¶¶ 56(B)(b), 56(C)(b). Furthermore, the Recognized Loss Amounts are limited, where applicable, by the "90-Day Bounce Back Rule" of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), 15 U.S.C. § 78u-4(e).[5] *See* Notice ¶¶ 56(C)(c), 56(D)(b).

18. The Net Settlement Fund is to be allocated in proportion to the Recognized Claim calculated by the Claims Administrator for each Authorized Claimant. Each Claimant's Recognized Claim is the sum of his, her or its Recognized Loss Amounts calculated for all purchases or acquisitions of CTI Securities during the Class Period (including the 120% adjustment with respect to the purchases of Preferred Stock discussed above). *See* Notice ¶ 60. The Claimant's Recognized Claim will be capped by his, her, or its market loss on purchases or acquisitions of CTI Securities during the Class Period. *See* Notice ¶¶ 66-67. The only shares that are eligible for recovery and for which a Recognized Loss Amount will be calculated are those purchased or acquired during the Class Period. Gains or losses on sales of shares held as of the start of the Class Period are not factored into the calculation of Recognized Loss Amounts or Recognized Claims. *See* Notice ¶ 58.

[5] Under the 90-Day Bounce Back Rule, if a Settlement Class Member sold shares during the 90-day period following the Class Period, damages are limited to the difference between the purchase price minus the average closing price from the first date of the 90-day period through the date of sale. Furthermore, if the Settlement Class Member still owns the shares at the end of the 90-day period, damages are limited to the difference between the purchase price minus the average closing price for the entire 90-day period.

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19. Each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund, which shall be his, her, or its Recognized Claim divided by the total of Recognized Claims for all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. *See* Notice ¶ 61.

III. CONCLUSION

20. Based on my analysis of the economic evidence, in combination with my consultations with Lead Counsel regarding the factual allegations and legal claims, I developed the Plan of Allocation in this matter. In my opinion, the Plan of Allocation provides a fair, reasonable and adequate methodology to distribute the net settlement amount to participating Settlement Class Members.

I declare, under penalty of perjury, that the foregoing facts are true and correct.

Executed on this 12th day of December, 2017.

Bjorn I. Steinholt, CFA

BRESKIN | JOHNSON | TOWNSEND PLLC
1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

Exhibit 1

Bjorn I. Steinholt, CFA

Caliber Advisors, Inc.
10620 Treena Street, Suite 230, San Diego, CA 92131
Telephone: (858) 549-4900 • Facsimile: (858) 549-9317
Bjorn@CaliberAdvisors.com

Employment History

Caliber Advisors, Inc.
Managing Director (2014 to present)

Caliber Advisors is a full-service valuation and economic consulting firm. Mr. Steinholt provides a broad range of capital markets consulting, including financial and economic analyses relating to mergers and acquisitions, initial public offerings, fairness opinions, structured finance, portfolio risk management, market structure, securities analysis and financial valuations, including litigation consulting and expert testimony relating to the economic issues that arise in large complex securities fraud cases.

Financial Markets Analysis, LLC
Principal (2000 to 2014)

Financial Markets Analysis was a financial valuation and economic consulting firm that primarily focused on providing economic analyses and expert testimony relating to securities analysis and financial economics. Mr. Steinholt provided capital markets consulting, financial valuation services, and various litigation consulting and expert testimony in large complex securities fraud cases.

Business Valuation Services, Inc. (subsidiary of CBIZ, Inc.)
Principal (1999 -2000)
Vice President (1998-1999)

Business Valuation Services was a national full-service financial valuation firm. Mr. Steinholt provided valuations of businesses and financial securities, including common stock, warrants, options, preferred stock, debt instruments and partnership interests, as well as intangible assets such as patents, trademarks, software, customer lists, work-force and licensing agreements. Mr. Steinholt also provided litigation support in shareholder disputes.

Princeton Venture Research, Inc.
Senior Vice President (1996-1998)
Vice President (1993-1996)
Financial Analyst (1990-1993)

Princeton Venture Research was a venture capital, investment banking and economic consulting firm. Mr. Steinholt provided various financial and economic analyses for venture capital, investment banking and consulting assignments, including shareholder disputes. Among other things, he helped identify and evaluate prospective emerging technology companies in need of venture capital funding.

University of San Diego
Research Assistant, Graduate Fellow (1988-1989)

Mr. Steinholt assisted with research regarding the performance of international equity markets following the 1987 stock market crash. He also developed computer programs related to the portfolio theory, including risk minimization and portfolio optimization based on quadratic programming techniques.

Educational Background

- **Chartered Financial Analyst**
  CFA Institute, 1997

- **Master of International Business**
  University of San Diego, 1989

- **Sivilingeniør** - (Norwegian graduate level engineering designation)
  University of Trondheim, Norway, 1987

- **Bachelor of Science in Computer Science, Computer Science and Engineering**
  California State University, Long Beach, 1987

Professional Affiliations

- **Member, CFA Institute**

- **Member, Financial Analysts Society of San Diego**

Publications

"Price Impact Analysis – Where The Halliburton Court Erred," Expert Analysis Section, *Law360* (August 25, 2015).

Testimony

In re: New England Health, et al v. Qwest Comm Intl Inc, et al., Case No. 1:01-cv-01451 (United States District Court for the District of Colorado). QwestDex Hearing Testimony relating to Section 11 damages: January 28, 2003. Mr. Steinholt was retained to opine on potential Section 11 damages.

In re: King, et al v. CBT Group PLC, et al., Case No. 98-CV-21014 (United States District Court, Northern District of California, San Jose Division). Deposition Testimony: November 5, 2003. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality, loss causation and Section 10(b) damages.

In re: Employer-Teamsters Joint Council Pension Trust Fund v. America West Holding, et al., Case No. 99-CV-399 (United States District Court, District of Arizona). Deposition Testimony: October 28, 2004. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality, loss causation and Section 10(b) damages.

In re: Howard Yue vs. New Focus, Case No. CV808031 (Superior Court of the State of California, County of Santa Clara). Deposition Testimony: July 28, 2005. Mr. Steinholt was retained to opine on the potential damages and other economic issues relating to the defendants' acquisition of Globe Y.Technology, Inc.

In re: Howard Yue vs. New Focus, Case No. CV808031 (Superior Court of the State of California, County of Santa Clara). Deposition Testimony: August 9, 2005. Mr. Steinholt was retained to opine on the potential damages and other economic issues relating to the defendants' acquisition of Globe Y.Technology, Inc.

In re: AB Liquidating Corp., fka Adaptive Broadband Corporation v. Ernst & Young, LLP (American Arbitration Association). Arbitration, March 23, 2006. Mr. Steinholt was retained to analyze the share turnover in Adaptive Broadband Corporation in connection with the liquidation of the company's assets.

In re: AOL Time Warner, Inc. Securities and "ERISA" Litigation, Consolidated Opt-Out Action, Case No. 1:06-cv-00695 (United States District Court, Southern District of New York). Deposition Testimony: September 28, 2006. Mr. Steinholt was retained to opine on materiality and loss causation in a Section 11 context.

In re: Ohio Public Employees Retirement System vs. Richard Parsons, et al., Case No. 03-CVH07-7932 (Court of Common Pleas of Franklin County, Ohio). Deposition Testimony: March 22, 2007. Mr. Steinholt was retained to quantify Section 11 damages for various institutional investors.

In re: Ryan v. Flowserve Corporation et al., Case No. 3:03-cv-01769 (United States District Court, Northern District of Texas, Dallas Division). Deposition Testimony: June 15, 2007. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality, loss causation and Section 10(b) damages.

In re: Nursing Home Pension Fund et al v. Oracle Corporation et al., Case No. 3:01-cv-00988 (United States District Court, Northern District of California). Deposition Testimony: July 2, 2007. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality, loss causation and Section 10(b) damages.

In re: Carson, et al v. Neopharm Inc, et al., Case No. 1:02-cv-02976 (United States District Court, Northern District of Illinois, Eastern Division). Deposition Testimony: January 22, 2008. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality, loss causation and Section 10(b) damages.

In re: HealthSouth Corporation Securities Litigation, Case No. 2:03-cv-01501-S (United States District Court, Northern District of Alabama, Southern Division). Deposition Testimony: February 1, 2008. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality and loss causation.

In re: Robert Kelleher, et al. v. ADVO, Inc., et al., Case No. 3:06-cv-01422 (United States District Court, District of Connecticut). Deposition Testimony: September 16, 2008. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality and loss causation in a class certification context.

In re: HealthSouth Corporation Securities Litigation, Case No. 2:03-cv-01501-S (United States District Court, Northern District of Alabama, Southern Division). Deposition Testimony: January 30, 2009. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality and loss causation.

In re: Huffy Corporation Securities Litigation, Case No. 3:05-cv-00028 (United States District Court, Southern District of Ohio, Western Division (at Dayton)). Deposition Testimony: November 12, 2009. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality, loss causation and potential damages for lead plaintiff.

Lori Weinrib v. The PMI Group, Inc. et al., Case No. 3:08-cv-01405, (United States District Court for the Northern District of California). Deposition Testimony: June 14, 2010. Mr. Steinholt was retained to opine on economic issues relating to market efficiency in a class certification context.

Kenneth McGuire, et al. v. Dendreon Corporation, et al., Case No. 2:07-cv-00800 (United States District Court, Western District of Washington at Seattle). Deposition Testimony: June 18, 2010. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality, loss causation and Section 10(b) damages.

City of Livonia Employees' Retirement System v. The Boeing Company et al., Case No. 1:09-cv-07143, (United States District Court, Northern District of Illinois, Eastern Division). Deposition Testimony: November 5, 2010. Mr. Steinholt was retained to opine on economic issues relating to market efficiency in a class certification context.

Maureen Backe, et al. v. Novatel Wireless, Inc., et al., Case No.08-cv-1689 (United States District Court, Southern District of California). Deposition Testimony: February 1, 2011. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality, loss causation and Section 10(b) damages.

Paul Luman, et al. v. Paul G. Anderson, et al. (*FCStone Group Securities Litigation*), Case No. 4:08-cv-00514 (United States District Court, Western District of Missouri, Western Division). Deposition Testimony: January 5, 2012. Mr. Steinholt was retained to opine on economic issues relating to market efficiency in a class certification context.

T Grocery & Food Employees Welfare Fund v. Regions Financial Corporation et al., Case No. 2:10-cv-02847 (United States District Court, Northern District of Alabama). Deposition Testimony: May 8, 2012. Mr. Steinholt was retained to opine on economic issues relating to market efficiency in a class certification context.

City of Pontiac General Employee's Retirement System v. Lockheed Martin Corporation et al., Case No. 1:11-cv-05026, (United States District Court, Southern District of New York). Deposition Testimony: May 18, 2012. Mr. Steinholt was retained to opine on economic issues relating to market efficiency in a class certification context.

United Food and Commercial Workers Union et al v. Chesapeake Energy Corporation et al., Case No. 5:09-cv-01114 (United States District Court, Western District of Oklahoma). Deposition Testimony: August 14, 2012. Mr. Steinholt was retained to opine on loss causation in a Section 11 context.

City of Pontiac General Employee's Retirement System v. Lockheed Martin Corporation et al., Case No. 1:11-cv-05026, (United States District Court, Southern District of New York). Deposition Testimony: October 4, 2012. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality, loss causation and Section 10(b) damages.

Western Pennsylvania Electrical Employees Pension Fund, et al. v. Dennis Alter, et al., (*Advanta International Inc. Securities Litigation*) Case No. 2:09-cv-04730 (United States District Court, Eastern District of Pennsylvania). Deposition Testimony: May 1, 2013. Mr. Steinholt was retained to opine on economic issues relating to market efficiency in a class certification context.

Southern Avenue Partners LP v. The Perot Family Trust et al., (*Parkcentral Global Litigation*) Case No. 3:09-cv-00765 (United States District Court, Northern District of Texas, Dallas Division). Deposition Testimony: May 6, 2013. Mr. Steinholt was retained to opine on the calculation of potential damages.

Maureen Backe, et al. v. Novatel Wireless, Inc., et al., Case No. 08-cv-1689 (United States District Court, Southern District of California). Deposition Testimony: June 25, 2013. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality, loss causation and Section 10(b) damages.

Garden City Employees' Retirement System v. Psychiatric Solutions, Inc. et al., Civil Action No. 3:09-cv-00882 (United States District Court, Middle District of Tennessee, Nashville Division). Deposition Testimony: June 6, 2014. Mr. Steinholt was retained to opine on economic issues relating to market efficiency, materiality, loss causation and Section 10(b) damages.

City of Pontiac General Employees' Retirement System v. Wal-Mart Stores, Inc. et al., Case No. 12-cv-05162 (United States District Court, Western District of Arkansas (Fayetteville)). Deposition Testimony: November 9, 2015. Mr. Steinholt was retained to opine on economic issues relating to market efficiency and the calculation of class-wide damages in a class certification context.

Alan B. Marcus, et al. v. J.C. Penney Company, Inc., et al., Case No. 13-CV-00736 (United States District Court, Eastern District of Texas (Tyler Division)). Deposition Testimony: March 4, 2016. Mr. Steinholt was retained to opine on economic issues relating to market efficiency and the calculation of class-wide damages in a class certification context.

Basis Yield Alpha Fund (Master) v. Goldman Sachs Group, Inc., et al., Index No: 652996/2011 (Supreme Court of the State of New York, County of New York). Deposition Testimony: April 1, 2016. Mr. Steinholt was retained to analyze loss causation related to two CDO-squared securities purchased by Basis Yield Alpha Fund (Master) from Goldman Sachs.

John Sender v. Franklin Resources, Inc., Case No. 11-cv-03828 (United States District Court, Northern District of California). Deposition Testimony: June 17, 2016. Mr. Steinholt was retained to analyze ERISA damages related to plaintiff's participation in defendant's Employee Stock Ownership Plan.

Alan Willis, et al. v. Big Lots, Inc., et al., Case No. 12-CV-00604 (United States District Court, Southern District of Ohio (Columbus)). Deposition Testimony: July 21, 2016. Mr. Steinholt was retained to opine on economic issues relating to market efficiency and the calculation of class-wide damages in a class certification context.

In re: Beaver County Employees Retirement Fund vs. Cyan, Inc., et al., Lead Case No. CGC-14-538355 (Superior Court of the State of California, County of San Francisco). Deposition Testimony: October 14, 2016. Mr. Steinholt was retained to opine on potential damages pursuant to §§11 and 12 of the Securities Act of 1933.

In Re Willbros Group, Inc. Securities Litigation, Case No. 14-CV-3084 (United States District Court, Southern District of Texas, Houston Division). Deposition Testimony: April 14, 2017. Mr. Steinholt was retained to opine on economic issues relating to market efficiency and the calculation of class-wide damages in a class certification context.

Shankar v. Imperva, Inc. et al., Case No. 14-cv-01680 (United States District Court, Northern District of California (Oakland)). Deposition Testimony: May 5, 2017. Mr. Steinholt was retained to opine on economic issues relating to market efficiency and the calculation of class-wide damages in a class certification context.

Exhibit 5

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL

COMPENDIUM OF LEAD COUNSEL'S
LODESTAR AND EXPENSE INFORMATION

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

EXHIBIT 5A

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION

SUMMARY OF PLAINTIFFS' COUNSEL'S LODESTAR AND EXPENSES

FIRM	HOURS	LODESTAR	EXPENSES
Lead Counsel Bernstein Litowitz Berger & Grossmann LLP	2,916.50	$1,628,133.75	$122,980.61
Local Counsel Breskin Johnson Townsend PLLC	65.30	$32,976.50	$231.00
TOTAL:	**2,981.80**	**$1,661,110.25**	**$123,211.61**

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1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

EXHIBIT 5B

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION

LEAD COUNSEL BLB&G'S TIME REPORT

From Inception Through December 20, 2017

NAME	HOURS	HOURLY RATE*	LODESTAR
Partners			
Max W. Berger	30.25	1,250	37,812.50
David R. Stickney	322.25	945	304,526.25
Jonathan Uslaner	409.25	750	306,937.50
Senior Counsel			
Rochelle Hansen	14.00	750	10,500.00
Niki Mendoza	346.00	700	242,200.00
Associates			
David L. Duncan	160.00	650	104,000.00
Rachel Felong	450.25	500	225,125.00
Scott Foglietta	21.00	550	11,550.00
Julia Johnson	75.00	475	35,625.00
Staff Attorneys			
Girolamo Brunetto	13.75	340	4,675.00
Case Managers and Paralegals			
Matthew Mahady	12.00	335	4,020.00
Kaye A. Martin	167.50	335	56,112.50
Ashley Lee	245.00	295	72,275.00
Lisa Napoleon	12.00	295	3,540.00
Amy Neil	23.00	295	6,785.00
Justin Omalev	74.50	235	17,507.50
Case Analyst			
Sam Jones	77.00	335	25,795.00

NAME	HOURS	HOURLY RATE*	LODESTAR
Investigators			
Amy Bitkower	64.25	520	33,410.00
Lisa C. Williams (Burr)	302.25	300	90,675.00
Chris Altiery	45.00	255	11,475.00
Director of Investor Services			
Adam Weinschel	26.00	465	12,090.00
Financial Analysts			
Nick DeFilippis	14.00	550	7,700.00
Managing Clerk			
Errol Hall	12.25	310	3,797.50
TOTAL FOR LEAD COUNSEL BLBG	**2,916.50**		**$1,628,133.75**

*The hourly rate listed is current billing rate for each attorney or other staff member. For personnel who are no longer employed by BLB&G, the billing rate for that individual in his or her final year of employment at BLB&G is listed.

BRESKIN | JOHNSON | TOWNSEND PLLC
1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

EXHIBIT 5C

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION

LEAD COUNSEL BLB&G'S EXPENSE REPORT

From Inception Through December 20, 2017

CATEGORY	AMOUNT ($)
Court Fees	909.00
Service of Process	934.75
On-Line Legal Research*	5,127.43
On-Line Factual Research*	9,972.88
Postage & Express Mail	711.29
Copying & Printing	161.85
Out-of-Town Travel**	25,226.91
Local Transportation	89.27
Working Meals	513.87
Court Reporters, Transcripts & Translation	500.20
Mediation Fees	34,695.66
Experts	26,562.50
SUBTOTAL:	**105,405.61**
Outstanding Expenses:	
Experts	17,575.00
SUBTOTAL:	**17,575.00**
TOTAL EXPENSES:	**$122,980.61**

* The charges reflected for on-line research are for out-of-pocket payments to the vendors for research done in connection with this litigation. Online research is billed to each case based on actual time usage at a set charge by the vendor. There are no administrative charges included in these figures.

** Out-of-Town Travel includes travel expenses to attend the Final Approval Hearing. This includes only coach airfares and includes hotels in the following "large" cities capped at $350 per night: Seattle and New York.

Exhibit 6

BLB&G

Trusted Advocacy. Proven Results.

Bernstein Litowitz Berger & Grossmann LLP

Attorneys at Law

Firm Resume

New York
1251 Avenue of the Americas, 44th Floor
New York, NY 10020
Tel: 212-554-1400
Fax: 212-554-1444

California
12481 High Bluff Drive, Suite 300
San Diego, CA 92130
Tel: 858-793-0070
Fax: 858-793-0323

Louisiana
2727 Prytania Street, Suite 14
New Orleans, LA 70130
Tel: 504-899-2339
Fax: 504-899-2342

Illinois
875 North Michigan Avenue, Suite 3100
Chicago, IL 60611
Tel: 312-373-3880
Fax: 312-794-7801

www.blbglaw.com

BLB&G Bernstein Litowitz Berger & Grossmann LLP

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BLB&G Bernstein Litowitz Berger & Grossmann LLP

Since our founding in 1983, Bernstein Litowitz Berger & Grossmann LLP has obtained many of the largest monetary recoveries in history – over $31 billion on behalf of investors. Unique among our peers, the firm has obtained the largest settlements ever agreed to by public companies related to securities fraud, including four of the ten largest in history. Working with our clients, we have also used the litigation process to achieve precedent-setting reforms which have increased market transparency, held wrongdoers accountable and improved corporate business practices in groundbreaking ways.

FIRM OVERVIEW

Bernstein Litowitz Berger & Grossmann LLP ("BLB&G"), a national law firm with offices located in New York, California, Louisiana and Illinois, prosecutes class and private actions on behalf of individual and institutional clients. The firm's litigation practice areas include securities class and direct actions in federal and state courts; corporate governance and shareholder rights litigation, including claims for breach of fiduciary duty and proxy violations; mergers and acquisitions and transactional litigation; alternative dispute resolution; distressed debt and bankruptcy; civil rights and employment discrimination; consumer class actions and antitrust. We also handle, on behalf of major institutional clients and lenders, more general complex commercial litigation involving allegations of breach of contract, accountants' liability, breach of fiduciary duty, fraud, and negligence.

We are the nation's leading firm in representing institutional investors in securities fraud class action litigation. The firm's institutional client base includes the New York State Common Retirement Fund; the California Public Employees' Retirement System (CalPERS); the Ontario Teachers' Pension Plan Board (the largest public pension funds in North America); the Los Angeles County Employees Retirement Association (LACERA); the Chicago Municipal, Police and Labor Retirement Systems; the Teacher Retirement System of Texas; the Arkansas Teacher Retirement System; Forsta AP-fonden ("AP1"); Fjarde AP-fonden ("AP4"); the Florida State Board of Administration; the Public Employees' Retirement System of Mississippi; the New York State Teachers' Retirement System; the Ohio Public Employees Retirement System; the State Teachers Retirement System of Ohio; the Oregon Public Employees Retirement System; the Virginia Retirement System; the Louisiana School, State, Teachers and Municipal Police Retirement Systems; the Public School Teachers' Pension and Retirement Fund of Chicago; the New Jersey Division of Investment of the Department of the Treasury; TIAA-CREF and other private institutions; as well as numerous other public and Taft-Hartley pension entities.

MORE TOP SECURITIES RECOVERIES

Since its founding in 1983, Bernstein Litowitz Berger & Grossmann LLP has litigated some of the most complex cases in history and has obtained over $31 billion on behalf of investors. Unique among its peers, the firm has negotiated the largest settlements ever agreed to by public companies related to securities fraud, and obtained many of the largest securities recoveries in history (including 5 of the top 12):

- *In re WorldCom, Inc. Securities Litigation* – $6.19 billion recovery
- *In re Cendant Corporation Securities Litigation* – $3.3 billion recovery
- *In re Bank of America Corp. Securities, Derivative, and Employee Retirement Income Security Act (ERISA) Litigation* – $2.43 billion recovery
- *In re Nortel Networks Corporation Securities Litigation* ("Nortel II") – $1.07 billion recovery
- *In re Merck & Co., Inc. Securities Litigation* – $1.06 billion recovery
- *In re McKesson HBOC, Inc. Securities Litigation* – $1.05 billion recovery

For over a decade, Securities Class Action Services (SCAS – a division of ISS Governance) has compiled and published data on securities litigation recoveries and the law firms prosecuting the cases. BLB&G has been at or near the top of their rankings every year – often with the highest total recoveries, the highest settlement average, or both.

BLB&G also eclipses all competitors on SCAS's "Top 100 Settlements" report, having recovered nearly 40% of all the settlement dollars represented in the report (nearly $25 billion), and having prosecuted nearly a third of all the cases on the list (35 of 100).

Giving Shareholders a Voice and Changing Business Practices for the Better

BLB&G was among the first law firms ever to obtain meaningful corporate governance reforms through litigation. In courts throughout the country, we prosecute shareholder class and derivative actions, asserting claims for breach of fiduciary duty and proxy violations wherever the conduct of corporate officers and/or directors, as well as M&A transactions, seek to deprive shareholders of fair value, undermine shareholder voting rights, or allow management to profit at the expense of shareholders.

We have prosecuted seminal cases establishing precedents which have increased market transparency, held wrongdoers accountable, addressed issues in the boardroom and executive suite, challenged unfair deals, and improved corporate business practices in groundbreaking ways.

From setting new standards of director independence, to restructuring board practices in the wake of persistent illegal conduct; from challenging the improper use of defensive measures and deal protections for management's benefit, to confronting stock options backdating abuses and other self-dealing by executives; we have confronted a variety of questionable, unethical and proliferating corporate practices. Seeking to reform faulty management structures and address breaches of fiduciary duty by corporate officers and directors, we have obtained unprecedented victories on behalf of shareholders seeking to improve governance and protect the shareholder franchise.

Advocacy for Victims of Corporate Wrongdoing

While BLB&G is widely recognized as one of the leading law firms worldwide advising institutional investors on issues related to corporate governance, shareholder rights, and securities litigation, we have also prosecuted some of the most significant employment discrimination, civil rights and consumer protection cases on record. Equally important, the firm has advanced novel and socially beneficial principles by developing important new law in the areas in which we litigate.

The firm served as co-lead counsel on behalf of Texaco's African-American employees in *Roberts v. Texaco Inc*., which resulted in a recovery of $176 million, the largest settlement ever in a race discrimination case. The creation of a Task Force to oversee Texaco's human resources activities for five years was unprecedented and served as a model for public companies going forward.

In the consumer field, the firm has gained a nationwide reputation for vigorously protecting the rights of individuals and for achieving exceptional settlements. In several instances, the firm has obtained recoveries for consumer classes that represented the entirety of the class's losses – an extraordinary result in consumer class cases.

PRACTICE AREAS

SECURITIES FRAUD LITIGATION

Securities fraud litigation is the cornerstone of the firm's litigation practice. Since its founding, the firm has had the distinction of having tried and prosecuted many of the most high-profile securities fraud class actions in history, recovering billions of dollars and obtaining unprecedented corporate governance reforms on behalf of our clients. BLB&G continues to play a leading role in major securities litigation pending in federal and state courts, and the firm remains one of the nation's leaders in representing institutional investors in securities fraud class and derivative litigation.

The firm also pursues direct actions in securities fraud cases when appropriate. By selectively opting out of certain securities class actions, we seek to resolve our clients' claims efficiently and for substantial multiples of what they might otherwise recover from related class action settlements.

The attorneys in the securities fraud litigation practice group have extensive experience in the laws that regulate the securities markets and in the disclosure requirements of corporations that issue publicly traded securities. Many of the attorneys in this practice group also have accounting backgrounds. The group has access to state-of-the-art, online financial wire services and databases, which enable it to instantaneously investigate any potential securities fraud action involving a public company's debt and equity securities.

CORPORATE GOVERNANCE AND SHAREHOLDERS' RIGHTS

The Corporate Governance and Shareholders' Rights Practice Group prosecutes derivative actions, claims for breach of fiduciary duty, and proxy violations on behalf of individual and institutional investors in state and federal courts throughout the country. The group has obtained unprecedented victories on behalf of shareholders seeking to improve corporate governance and protect the shareholder franchise, prosecuting actions challenging numerous highly publicized corporate transactions which violated fair process and fair price, and the applicability of the business judgment rule. We have also addressed issues of corporate waste, shareholder voting rights claims, and executive compensation. As a result of the firm's high-profile and widely recognized capabilities, the corporate governance practice group is increasingly in demand by institutional investors who are exercising a more assertive voice with corporate boards regarding corporate governance issues and the board's accountability to shareholders.

The firm is actively involved in litigating numerous cases in this area of law, an area that has become increasingly important in light of efforts by various market participants to buy companies from their public shareholders "on the cheap."

EMPLOYMENT DISCRIMINATION AND CIVIL RIGHTS

The Employment Discrimination and Civil Rights Practice Group prosecutes class and multi-plaintiff actions, and other high-impact litigation against employers and other societal institutions that violate federal or state employment, anti-discrimination, and civil rights laws. The practice group represents diverse clients on a wide range of issues including Title VII actions: race, gender, sexual orientation and age discrimination suits; sexual harassment, and "glass ceiling" cases in which otherwise qualified employees are passed over for promotions to managerial or executive positions.

Bernstein Litowitz Berger & Grossmann LLP is committed to effecting positive social change in the workplace and in society. The practice group has the necessary financial and human resources to ensure that the class action approach to discrimination and civil rights issues is successful. This litigation method serves to empower employees and other civil rights victims, who are usually discouraged from pursuing litigation because of personal financial limitations, and offers the potential for effecting the greatest positive change for the greatest number of people affected by discriminatory practice in the workplace.

General Commercial Litigation and Alternative Dispute Resolution

The General Commercial Litigation practice group provides contingency fee representation in complex business litigation and has obtained substantial recoveries on behalf of investors, corporations, bankruptcy trustees, creditor committees and other business entities. We have faced down powerful and well-funded law firms and defendants – and consistently prevailed. However, not every dispute is best resolved through the courts. In such cases, BLB&G Alternative Dispute practitioners offer clients an accomplished team and a creative venue in which to resolve conflicts outside of the litigation process. BLB&G has extensive experience – and a marked record of successes – in ADR practice. For example, in the wake of the credit crisis, we successfully represented numerous former executives of a major financial institution in arbitrations relating to claims for compensation. Our attorneys have led complex business-to-business arbitrations and mediations domestically and abroad representing clients before all the major arbitration tribunals, including the American Arbitration Association (AAA), FINRA, JAMS, International Chamber of Commerce (ICC) and the London Court of International Arbitration.

Distressed Debt and Bankruptcy Creditor Negotiation

The BLB&G Distressed Debt and Bankruptcy Creditor Negotiation Group has obtained billions of dollars through litigation on behalf of bondholders and creditors of distressed and bankrupt companies, as well as through third-party litigation brought by bankruptcy trustees and creditors' committees against auditors, appraisers, lawyers, officers and directors, and other defendants who may have contributed to client losses. As counsel, we advise institutions and individuals nationwide in developing strategies and tactics to recover assets presumed lost as a result of bankruptcy. Our record in this practice area is characterized by extensive trial experience in addition to completion of successful settlements.

Consumer Advocacy

The Consumer Advocacy Practice Group at Bernstein Litowitz Berger & Grossmann LLP prosecutes cases across the entire spectrum of consumer rights, consumer fraud, and consumer protection issues. The firm represents victimized consumers in state and federal courts nationwide in individual and class action lawsuits that seek to provide consumers and purchasers of defective products with a means to recover their damages. The attorneys in this group are well versed in the vast array of laws and regulations that govern consumer interests and are aggressive, effective, court-tested litigators. The Consumer Practice Advocacy Group has recovered hundreds of millions of dollars for millions of consumers throughout the country. Most notably, in a number of cases, the firm has obtained recoveries for the class that were the entirety of the potential damages suffered by the consumer. For example, in actions against MCI and Empire Blue Cross, the firm recovered all of the damages suffered by the class. The group achieved its successes by advancing innovative claims and theories of liabilities, such as obtaining decisions in Pennsylvania and Illinois appellate courts that adopted a new theory of consumer damages in mass marketing cases. Bernstein Litowitz Berger & Grossmann LLP is, thus, able to lead the way in protecting the rights of consumers.

THE COURTS SPEAK

Throughout the firm's history, many courts have recognized the professional excellence and diligence of the firm and its members. A few examples are set forth below.

IN RE WORLDCOM, INC. SECURITIES LITIGATION

THE HONORABLE DENISE COTE OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

"I have the utmost confidence in plaintiffs' counsel…they have been doing a superb job…. The Class is extraordinarily well represented in this litigation."

"The magnitude of this settlement is attributable in significant part to Lead Counsel's advocacy and energy…. The quality of the representation given by Lead Counsel...has been superb...and is unsurpassed in this Court's experience with plaintiffs' counsel in securities litigation."

"Lead Counsel has been energetic and creative. . . . Its negotiations with the Citigroup Defendants have resulted in a settlement of historic proportions."

IN RE CLARENT CORPORATION SECURITIES LITIGATION

THE HONORABLE CHARLES R. BREYER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

"It was the best tried case I've witnessed in my years on the bench . . ."

"[A]n extraordinarily civilized way of presenting the issues to you [the jury]. . . . We've all been treated to great civility and the highest professional ethics in the presentation of the case…."

"These trial lawyers are some of the best I've ever seen."

LANDRY'S RESTAURANTS, INC. SHAREHOLDER LITIGATION

VICE CHANCELLOR J. TRAVIS LASTER OF THE DELAWARE COURT OF CHANCERY

"I do want to make a comment again about the excellent efforts . . . put into this case. . . . This case, I think, shows precisely the type of benefits that you can achieve for stockholders and how representative litigation can be a very important part of our corporate governance system . . . you hold up this case as an example of what to do."

MCCALL V. SCOTT (COLUMBIA/HCA DERIVATIVE LITIGATION)

THE HONORABLE THOMAS A. HIGGINS OF THE UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF TENNESSEE

"Counsel's excellent qualifications and reputations are well documented in the record, and they have litigated this complex case adeptly and tenaciously throughout the six years it has been pending. They assumed an enormous risk and have shown great patience by taking this case on a contingent basis, and despite an early setback they have persevered and brought about not only a large cash settlement but sweeping corporate reforms that may be invaluable to the beneficiaries."

RECENT ACTIONS & SIGNIFICANT RECOVERIES

Bernstein Litowitz Berger & Grossmann LLP is counsel in many diverse nationwide class and individual actions and has obtained many of the largest and most significant recoveries in history. Some examples from our practice groups include:

SECURITIES CLASS ACTIONS

CASE: ***IN RE WORLDCOM, INC. SECURITIES LITIGATION***

COURT: **United States District Court for the Southern District of New York**

HIGHLIGHTS: $6.19 billion securities fraud class action recovery – the second largest in history; unprecedented recoveries from Director Defendants.

CASE SUMMARY: Investors suffered massive losses in the wake of the financial fraud and subsequent bankruptcy of former telecom giant WorldCom, Inc. This litigation alleged that WorldCom and others disseminated false and misleading statements to the investing public regarding its earnings and financial condition in violation of the federal securities and other laws. It further alleged a nefarious relationship between Citigroup subsidiary Salomon Smith Barney and WorldCom, carried out primarily by Salomon employees involved in providing investment banking services to WorldCom, and by WorldCom's former CEO and CFO. As Court-appointed Co-Lead Counsel representing Lead Plaintiff the **New York State Common Retirement Fund**, we obtained unprecedented settlements totaling more than $6 billion from the Investment Bank Defendants who underwrote WorldCom bonds, including a $2.575 billion cash settlement to settle all claims against the Citigroup Defendants. On the eve of trial, the 13 remaining "Underwriter Defendants," including J.P. Morgan Chase, Deutsche Bank and Bank of America, agreed to pay settlements totaling nearly $3.5 billion to resolve all claims against them. Additionally, the day before trial was scheduled to begin, all of the former WorldCom Director Defendants had agreed to pay over $60 million to settle the claims against them. An unprecedented first for outside directors, $24.75 million of that amount came out of the pockets of the individuals – 20% of their collective net worth. *The Wall Street Journal*, in its coverage, profiled the settlement as literally having "shaken Wall Street, the audit profession and corporate boardrooms." After four weeks of trial, Arthur Andersen, WorldCom's former auditor, settled for $65 million. Subsequent settlements were reached with the former executives of WorldCom, and then with Andersen, bringing the total obtained for the Class to over $6.19 billion.

CASE: ***IN RE CENDANT CORPORATION SECURITIES LITIGATION***

COURT: **United States District Court for the District of New Jersey**

HIGHLIGHTS: $3.3 billion securities fraud class action recovery – the third largest in history; significant corporate governance reforms obtained.

CASE SUMMARY: The firm was Co-Lead Counsel in this class action against Cendant Corporation, its officers and directors and Ernst & Young (E&Y), its auditors, for their role in disseminating materially false and misleading financial statements concerning the company's revenues, earnings and expenses for its 1997 fiscal year. As a result of company-wide accounting irregularities, Cendant restated its financial results for its 1995, 1996 and 1997 fiscal years and all fiscal quarters therein. Cendant agreed to settle the action for $2.8 billion to adopt some of the most extensive corporate governance changes in history. E&Y settled for $335 million. These settlements remain the largest sums ever recovered from a public company and a public accounting firm through securities class action litigation. BLB&G represented Lead Plaintiffs **CalPERS –** the **California Public Employees' Retirement System**, the **New York State Common Retirement Fund** and the **New York City Pension Funds**, the three largest public pension funds in America, in this action.

CASE: ***IN RE BANK OF AMERICA CORP. SECURITIES, DERIVATIVE, AND EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA) LITIGATION***

COURT: **United States District Court for the Southern District of New York**

HIGHLIGHTS: $2.425 billion in cash; significant corporate governance reforms to resolve all claims. This recovery is by far the largest shareholder recovery related to the subprime meltdown and credit crisis; the single largest securities class action settlement ever resolving a Section 14(a) claim – the federal securities provision designed to protect investors against misstatements in connection with a proxy solicitation; the largest ever funded by a single corporate defendant for violations of the federal securities laws; the single largest settlement of a securities class action in which there was neither a financial restatement involved nor a criminal conviction related to the alleged misconduct; and one of the 10 largest securities class action recoveries in history.

DESCRIPTION: The firm represented Co-Lead Plaintiffs the **State Teachers Retirement System of Ohio**, the **Ohio Public Employees Retirement System**, and the **Teacher Retirement System of Texas** in this securities class action filed on behalf of shareholders of Bank of America Corporation ("BAC") arising from BAC's 2009 acquisition of Merrill Lynch & Co., Inc. The action alleges that BAC, Merrill Lynch, and certain of the companies' current and former officers and directors violated the federal securities laws by making a series of materially false statements and omissions in connection with the acquisition. These violations included the alleged failure to disclose information regarding billions of dollars of losses which Merrill had suffered before the BAC shareholder vote on the proposed acquisition, as well as an undisclosed agreement allowing Merrill to pay billions in bonuses before the acquisition closed despite these losses. Not privy to these material facts, BAC shareholders voted to approve the acquisition.

CASE: ***IN RE NORTEL NETWORKS CORPORATION SECURITIES LITIGATION ("NORTEL II")***

COURT: **United States District Court for the Southern District of New York**

HIGHLIGHTS: Over $1.07 billion in cash and common stock recovered for the class.

DESCRIPTION: This securities fraud class action charged Nortel Networks Corporation and certain of its officers and directors with violations of the Securities Exchange Act of 1934, alleging that the Defendants knowingly or recklessly made false and misleading statements with respect to Nortel's financial results during the relevant period. BLB&G clients the **Ontario Teachers' Pension Plan Board** and the **Treasury of the State of New Jersey and its Division of Investment** were appointed as Co-Lead Plaintiffs for the Class in one of two related actions (Nortel II), and BLB&G was appointed Lead Counsel for the Class. In a historic settlement, Nortel agreed to pay $2.4 billion in cash and Nortel common stock (all figures in US dollars) to resolve both matters. Nortel later announced that its insurers had agreed to pay $228.5 million toward the settlement, bringing the total amount of the global settlement to approximately $2.7 billion, and the total amount of the Nortel II settlement to over $1.07 billion.

CASE: ***IN RE MERCK & CO., INC. SECURITIES LITIGATION***

COURT: **United States District Court, District of New Jersey**

HIGHLIGHTS: $1.06 billion recovery for the class.

DESCRIPTION: This case arises out of misrepresentations and omissions concerning life-threatening risks posed by the "blockbuster" Cox-2 painkiller Vioxx, which Merck withdrew from the market in 2004. In January 2016, BLB&G achieved a $1.062 billion settlement on the eve of trial after more than 12 years of hard-fought litigation that included a successful decision at the United States Supreme Court. This settlement is the second largest recovery ever obtained in the Third Circuit, one of the top 10 securities recoveries of all time, and the largest securities recovery ever achieved against a pharmaceutical company. BLB&G represented Lead Plaintiff the **Public Employees' Retirement System of Mississippi.**

CASE: ***IN RE MCKESSON HBOC, INC. SECURITIES LITIGATION***

COURT: **United States District Court for the Northern District of California**

HIGHLIGHTS: $1.05 billion recovery for the class.

DESCRIPTION: This securities fraud litigation was filed on behalf of purchasers of HBOC, McKesson and McKesson HBOC securities, alleging that Defendants misled the investing public concerning HBOC's and McKesson HBOC's financial results. On behalf of Lead Plaintiff the **New York State Common Retirement Fund**, BLB&G obtained a $960 million settlement from the company; $72.5 million in cash from Arthur Andersen; and, on the eve of trial, a $10 million settlement from Bear Stearns & Co. Inc., with total recoveries reaching more than $1 billion.

CASE: ***IN RE LEHMAN BROTHERS EQUITY/DEBT SECURITIES LITIGATION***

COURT: **United States District Court for the Southern District of New York**

HIGHLIGHTS: $735 million in total recoveries.

DESCRIPTION: Representing the **Government of Guam Retirement Fund**, BLB&G successfully prosecuted this securities class action arising from Lehman Brothers Holdings Inc.'s issuance of billions of dollars in offerings of debt and equity securities that were sold using offering materials that contained untrue statements and missing material information.

After four years of intense litigation, Lead Plaintiffs achieved a total of $735 million in recoveries consisting of: a $426 million settlement with underwriters of Lehman securities offerings; a $90 million settlement with former Lehman directors and officers; a $99 million settlement that resolves claims against Ernst & Young, Lehman's former auditor (considered one of the top 10 auditor settlements ever achieved); and a $120 million settlement that resolves claims against UBS Financial Services, Inc. This recovery is truly remarkable not only because of the difficulty in recovering assets when the issuer defendant is bankrupt, but also because no financial results were restated, and that the auditors never disavowed the statements.

CASE: ***HEALTHSOUTH CORPORATION BONDHOLDER LITIGATION***

COURT: **United States District Court for the Northern District of Alabama**

HIGHLIGHTS: $804.5 million in total recoveries.

DESCRIPTION: In this litigation, BLB&G was the appointed Co-Lead Counsel for the bond holder class, representing Lead Plaintiff the **Retirement Systems of Alabama**. This action arose from allegations that Birmingham, Alabama based HealthSouth Corporation overstated its earnings at the direction of its founder and former CEO Richard Scrushy. Subsequent revelations disclosed that the overstatement actually exceeded over $2.4 billion, virtually wiping out all of HealthSouth's reported profits for the prior five years. A total recovery of $804.5 million was obtained in this litigation through a series of settlements, including an approximately $445 million settlement for shareholders and bondholders, a $100 million in cash settlement from UBS AG, UBS Warburg LLC, and individual UBS Defendants (collectively, "UBS"), and $33.5 million in cash from the company's auditor. The total settlement for injured HealthSouth bond purchasers exceeded $230 million, recouping over a third of bond purchaser damages.

CASE: ***IN RE CITIGROUP, INC. BOND ACTION LITIGATION***

COURT: **United States District Court for the Southern District of New York**

HIGHLIGHTS: $730 million cash recovery; second largest recovery in a litigation arising from the financial crisis.

DESCRIPTION: In the years prior to the collapse of the subprime mortgage market, Citigroup issued 48 offerings of preferred stock and bonds. This securities fraud class action was filed on behalf of purchasers of

Citigroup bonds and preferred stock alleging that these offerings contained material misrepresentations and omissions regarding Citigroup's exposure to billions of dollars in mortgage-related assets, the loss reserves for its portfolio of high-risk residential mortgage loans, and the credit quality of the risky assets it held in off-balance sheet entities known as "structured investment vehicles." After protracted litigation lasting four years, we obtained a $730 million cash recovery – the second largest securities class action recovery in a litigation arising from the financial crisis, and the second largest recovery ever in a securities class action brought on behalf of purchasers of debt securities. As Lead Bond Counsel for the Class, BLB&G represented Lead Bond Plaintiffs Minneapolis Firefighters' Relief Association, Louisiana Municipal Police Employees' Retirement System, and Louisiana Sheriffs' Pension and Relief Fund.

CASE: ***IN RE WASHINGTON PUBLIC POWER SUPPLY SYSTEM LITIGATION***

COURT: **United States District Court for the District of Arizona**

HIGHLIGHTS: Over $750 million – the largest securities fraud settlement ever achieved at the time.

DESCRIPTION: BLB&G was appointed Chair of the Executive Committee responsible for litigating the action on behalf of the class in this action. The case was litigated for over seven years, and involved an estimated 200 million pages of documents produced in discovery; the depositions of 285 fact witnesses and 34 expert witnesses; more than 25,000 introduced exhibits; six published district court opinions; seven appeals or attempted appeals to the Ninth Circuit; and a three-month jury trial, which resulted in a settlement of over $750 million – then the largest securities fraud settlement ever achieved.

CASE: ***IN RE SCHERING-PLOUGH CORPORATION/ENHANCE SECURITIES LITIGATION; IN RE MERCK & CO., INC. VYTORIN/ZETIA SECURITIES LITIGATION***

COURT: **United States District Court for the District of New Jersey**

HIGHLIGHTS: $688 million in combined settlements (Schering-Plough settled for $473 million; Merck settled for $215 million) in this coordinated securities fraud litigations filed on behalf of investors in Merck and Schering-Plough.

DESCRIPTION: After nearly five years of intense litigation, just days before trial, BLB&G resolved the two actions against Merck and Schering-Plough, which stemmed from claims that Merck and Schering artificially inflated their market value by concealing material information and making false and misleading statements regarding their blockbuster anti-cholesterol drugs Zetia and Vytorin. Specifically, we alleged that the companies knew that their "ENHANCE" clinical trial of Vytorin (a combination of Zetia and a generic) demonstrated that Vytorin was no more effective than the cheaper generic at reducing artery thickness. The companies nonetheless championed the "benefits" of their drugs, attracting billions of dollars of capital. When public pressure to release the results of the ENHANCE trial became too great, the companies reluctantly announced these negative results, which we alleged led to sharp declines in the value of the companies' securities, resulting in significant losses to investors. The combined $688 million in settlements (Schering-Plough settled for $473 million; Merck settled for $215 million) is the second largest securities recovery ever in the Third Circuit, among the top 25 settlements of all time, and among the ten largest recoveries ever in a case where there was no financial restatement. BLB&G represented Lead Plaintiffs **Arkansas Teacher Retirement System,** the **Public Employees' Retirement System of Mississippi,** and the **Louisiana Municipal Police Employees' Retirement System**.

CASE: ***IN RE LUCENT TECHNOLOGIES, INC. SECURITIES LITIGATION***

COURT: **United States District Court for the District of New Jersey**

HIGHLIGHTS: $667 million in total recoveries; the appointment of BLB&G as Co-Lead Counsel is especially noteworthy as it marked the first time since the 1995 passage of the Private Securities Litigation Reform Act that a court reopened the lead plaintiff or lead counsel selection process to account for changed circumstances, new issues and possible conflicts between new and old allegations.

DESCRIPTION: BLB&G served as Co-Lead Counsel in this securities class action, representing Lead Plaintiffs the **Parnassus Fund**, **Teamsters Locals 175 & 505 D&P Pension Trust**, **Anchorage Police and Fire Retirement System** and the **Louisiana School Employees' Retirement System.** The complaint accused Lucent of making false and misleading statements to the investing public concerning its publicly reported financial results and failing to disclose the serious problems in its optical networking business. When the truth was disclosed, Lucent admitted that it had improperly recognized revenue of nearly $679 million in fiscal 2000. The settlement obtained in this case is valued at approximately $667 million, and is composed of cash, stock and warrants.

CASE: ***IN RE WACHOVIA PREFERRED SECURITIES AND BOND/NOTES LITIGATION***

COURT: **United States District Court for the Southern District of New York**

HIGHLIGHTS: $627 million recovery – among the 20 largest securities class action recoveries in history; third largest recovery obtained in an action arising from the subprime mortgage crisis.

DESCRIPTION: This securities class action was filed on behalf of investors in certain Wachovia bonds and preferred securities against Wachovia Corp., certain former officers and directors, various underwriters, and its auditor, KPMG LLP. The case alleges that Wachovia provided offering materials that misrepresented and omitted material facts concerning the nature and quality of Wachovia's multi-billion dollar option-ARM (adjustable rate mortgage) "Pick-A-Pay" mortgage loan portfolio, and that Wachovia's loan loss reserves were materially inadequate. According to the Complaint, these undisclosed problems threatened the viability of the financial institution, requiring it to be "bailed out" during the financial crisis before it was acquired by Wells Fargo. The combined $627 million recovery obtained in the action is among the 20 largest securities class action recoveries in history, the largest settlement ever in a class action case asserting only claims under the Securities Act of 1933, and one of a handful of securities class action recoveries obtained where there were no parallel civil or criminal actions brought by government authorities. The firm represented Co-Lead Plaintiffs **Orange County Employees Retirement System** and **Louisiana Sheriffs' Pension and Relief Fund** in this action.

CASE: ***OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM V. FREDDIE MAC***

COURT: **United States District Court for the Southern District of Ohio**

HIGHLIGHTS: $410 million settlement.

DESCRIPTION: This securities fraud class action was filed on behalf of the **Ohio Public Employees Retirement System** and the **State Teachers Retirement System of Ohio** alleging that Federal Home Loan Mortgage Corporation ("Freddie Mac") and certain of its current and former officers issued false and misleading statements in connection with the company's previously reported financial results. Specifically, the Complaint alleged that the Defendants misrepresented the company's operations and financial results by having engaged in numerous improper transactions and accounting machinations that violated fundamental GAAP precepts in order to artificially smooth the company's earnings and to hide earnings volatility. In connection with these improprieties, Freddie Mac restated more than $5 billion in earnings. A settlement of $410 million was reached in the case just as deposition discovery had begun and document review was complete.

CASE: ***IN RE REFCO, INC. SECURITIES LITIGATION***

COURT: **United States District Court for the Southern District of New York**

HIGHLIGHTS: Over $407 million in total recoveries.

DESCRIPTION: The lawsuit arises from the revelation that Refco, a once prominent brokerage, had for years secreted hundreds of millions of dollars of uncollectible receivables with a related entity controlled by Phillip Bennett, the company's Chairman and Chief Executive Officer. This revelation caused the stunning collapse of the company a mere two months after its initial public offering of common stock. As a result, Refco filed one of the largest bankruptcies in U.S. history. Settlements have been obtained from multiple company and individual defendants, resulting in a total recovery for the class of over $407 million. BLB&G represented Co-Lead Plaintiff **RH Capital Associates LLC**.

CORPORATE GOVERNANCE AND SHAREHOLDERS' RIGHTS

CASE: ***UNITEDHEALTH GROUP, INC. SHAREHOLDER DERIVATIVE LITIGATION***

COURT: **United States District Court for the District of Minnesota**

HIGHLIGHTS: Litigation recovered over $920 million in ill-gotten compensation directly from former officers for their roles in illegally backdating stock options, while the company agreed to far-reaching reforms aimed at curbing future executive compensation abuses.

DESCRIPTION: This shareholder derivative action filed against certain current and former executive officers and members of the Board of Directors of UnitedHealth Group, Inc. alleged that the Defendants obtained, approved and/or acquiesced in the issuance of stock options to senior executives that were unlawfully backdated to provide the recipients with windfall compensation at the direct expense of UnitedHealth and its shareholders. The firm recovered over $920 million in ill-gotten compensation directly from the former officer Defendants – the largest derivative recovery in history. As feature coverage in *The New York Times* indicated, "investors everywhere should applaud [the UnitedHealth settlement]…. [T]he recovery sets a standard of behavior for other companies and boards when performance pay is later shown to have been based on ephemeral earnings." The Plaintiffs in this action were the **St. Paul Teachers' Retirement Fund Association**, the **Public Employees' Retirement System of Mississippi**, the **Jacksonville Police & Fire Pension Fund**, the **Louisiana Sheriffs' Pension & Relief Fund**, the **Louisiana Municipal Police Employees' Retirement System** and **Fire & Police Pension Association of Colorado**.

CASE: ***CAREMARK MERGER LITIGATION***

COURT: **Delaware Court of Chancery – New Castle County**

HIGHLIGHTS: Landmark Court ruling orders Caremark's board to disclose previously withheld information, enjoins shareholder vote on CVS merger offer, and grants statutory appraisal rights to Caremark shareholders. The litigation ultimately forced CVS to raise offer by $7.50 per share, equal to more than $3.3 billion in additional consideration to Caremark shareholders.

DESCRIPTION: Commenced on behalf of the **Louisiana Municipal Police Employees' Retirement System** and other shareholders of Caremark RX, Inc. ("Caremark"), this shareholder class action accused the company's directors of violating their fiduciary duties by approving and endorsing a proposed merger with CVS Corporation ("CVS"), all the while refusing to fairly consider an alternative transaction proposed by another bidder. In a landmark decision, the Court ordered the Defendants to disclose material information that had previously been withheld, enjoined the shareholder vote on the CVS transaction until the additional disclosures occurred, and granted statutory appraisal rights to Caremark's shareholders—forcing CVS to increase the consideration offered to shareholders by $7.50 per share in cash (over $3 billion in total).

CASE: ***IN RE PFIZER INC. SHAREHOLDER DERIVATIVE LITIGATION***

COURT: **United States District Court for the Southern District of New York**

HIGHLIGHTS: Landmark settlement in which Defendants agreed to create a new Regulatory and Compliance Committee of the Pfizer Board that will be supported by a dedicated $75 million fund.

DESCRIPTION: In the wake of Pfizer's agreement to pay $2.3 billion as part of a settlement with the U.S. Department of Justice to resolve civil and criminal charges relating to the illegal marketing of at least 13 of the company's most important drugs (the largest such fine ever imposed), this shareholder derivative action was filed against Pfizer's senior management and Board alleging they breached their fiduciary duties to Pfizer by, among other things, allowing unlawful promotion of drugs to continue after receiving numerous "red flags" that Pfizer's improper drug marketing was systemic and widespread. The suit was brought by Court-appointed Lead Plaintiffs **Louisiana Sheriffs' Pension and Relief Fund** and **Skandia Life Insurance Company, Ltd.** In an unprecedented settlement reached by the parties, the Defendants agreed to create a new Regulatory and Compliance Committee of the Pfizer Board of Directors (the "Regulatory Committee") to oversee and monitor Pfizer's compliance and drug marketing practices and to review the compensation policies for Pfizer's drug sales related employees.

CASE: ***IN RE EL PASO CORP. SHAREHOLDER LITIGATION***

COURT: **Delaware Court of Chancery – New Castle County**

HIGHLIGHTS: Landmark Delaware ruling chastises Goldman Sachs for M&A conflicts of interest.

DESCRIPTION: This case aimed a spotlight on ways that financial insiders – in this instance, Wall Street titan Goldman Sachs – game the system. The Delaware Chancery Court harshly rebuked Goldman for ignoring blatant conflicts of interest while advising their corporate clients on Kinder Morgan's high-profile acquisition of El Paso Corporation. As a result of the lawsuit, Goldman was forced to relinquish a $20 million advisory fee, and BLB&G obtained a $110 million cash settlement for El Paso shareholders – one of the highest merger litigation damage recoveries in Delaware history.

CASE: ***IN RE DELPHI FINANCIAL GROUP SHAREHOLDER LITIGATION***

COURT: **Delaware Court of Chancery – New Castle County**

HIGHLIGHTS: Dominant shareholder is blocked from collecting a payoff at the expense of minority investors.

DESCRIPTION: As the Delphi Financial Group prepared to be acquired by Tokio Marine Holdings Inc., the conduct of Delphi's founder and controlling shareholder drew the scrutiny of BLB&G and its institutional investor clients for improperly using the transaction to expropriate at least $55 million at the expense of the public shareholders. BLB&G aggressively litigated this action and obtained a settlement of $49 million for Delphi's public shareholders. The settlement fund is equal to about 90% of recoverable Class damages – a virtually unprecedented recovery.

CASE: ***QUALCOMM BOOKS & RECORDS LITIGATION***

COURT: **Delaware Court of Chancery – New Castle County**

HIGHLIGHTS: Novel use of "books and records" litigation enhances disclosure of political spending and transparency.

DESCRIPTION: The U.S. Supreme Court's controversial 2010 opinion in *Citizens United v. FEC* made it easier for corporate directors and executives to secretly use company funds – shareholder assets – to support personally favored political candidates or causes. BLB&G prosecuted the first-ever "books and records" litigation to obtain disclosure of corporate political spending at our client's portfolio

company – technology giant Qualcomm Inc. – in response to Qualcomm's refusal to share the information. As a result of the lawsuit, Qualcomm adopted a policy that provides its shareholders with comprehensive disclosures regarding the company's political activities and places Qualcomm as a standard-bearer for other companies.

CASE: ***IN RE NEWS CORP. SHAREHOLDER DERIVATIVE LITIGATION***

COURT: **Delaware Court of Chancery – Kent County**

HIGHLIGHTS: An unprecedented settlement in which News Corp. recoups $139 million and enacts significant corporate governance reforms that combat self-dealing in the boardroom.

DESCRIPTION: Following News Corp.'s 2011 acquisition of a company owned by News Corp. Chairman and CEO Rupert Murdoch's daughter, and the phone-hacking scandal within its British newspaper division, we filed a derivative litigation on behalf of the company because of institutional shareholder concern with the conduct of News Corp.'s management. We ultimately obtained an unprecedented settlement in which News Corp. recouped $139 million for the company coffers, and agreed to enact corporate governance enhancements to strengthen its compliance structure, the independence and functioning of its board, and the compensation and clawback policies for management.

CASE: ***IN RE ACS SHAREHOLDER LITIGATION (XEROX)***

COURT: **Delaware Court of Chancery – New Castle County**

HIGHLIGHTS: BLB&G challenged an attempt by ACS CEO to extract a premium on his stock not shared with the company's public shareholders in a sale of ACS to Xerox. On the eve of trial, BLB&G obtained a $69 million recovery, with a substantial portion of the settlement personally funded by the CEO.

DESCRIPTION: Filed on behalf of the **New Orleans Employees' Retirement System** and similarly situated shareholders of Affiliated Computer Service, Inc., this action alleged that members of the Board of Directors of ACS breached their fiduciary duties by approving a merger with Xerox Corporation which would allow Darwin Deason, ACS's founder and Chairman and largest stockholder, to extract hundreds of millions of dollars of value that rightfully belongs to ACS's public shareholders for himself. Per the agreement, Deason's consideration amounted to over a 50% premium when compared to the consideration paid to ACS's public stockholders. The ACS Board further breached its fiduciary duties by agreeing to certain deal protections in the merger agreement that essentially locked up the transaction between ACS and Xerox. After seeking a preliminary injunction to enjoin the deal and engaging in intense discovery and litigation in preparation for a looming trial date, Plaintiffs reached a global settlement with Defendants for $69 million. In the settlement, Deason agreed to pay $12.8 million, while ACS agreed to pay the remaining $56.1 million.

CASE: ***IN RE DOLLAR GENERAL CORPORATION SHAREHOLDER LITIGATION***

COURT: **Sixth Circuit Court for Davidson County, Tennessee; Twentieth Judicial District, Nashville**

HIGHLIGHTS: Holding Board accountable for accepting below-value "going private" offer.

DESCRIPTION: A Nashville, Tennessee corporation that operates retail stores selling discounted household goods, in early March 2007, Dollar General announced that its Board of Directors had approved the acquisition of the company by the private equity firm Kohlberg Kravis Roberts & Co. ("KKR"). BLB&G, as Co-Lead Counsel for the **City of Miami General Employees' & Sanitation Employees' Retirement Trust**, filed a class action complaint alleging that the "going private" offer was approved as a result of breaches of fiduciary duty by the board and that the price offered by KKR did not reflect the fair value of Dollar General's publicly-held shares. On the eve of the summary judgment hearing, KKR agreed to pay a $40 million settlement in favor of the shareholders, with a potential for $17 million more for the Class.

CASE: ***LANDRY'S RESTAURANTS, INC. SHAREHOLDER LITIGATION***

COURT: **Delaware Court of Chancery – New Castle County**

HIGHLIGHTS: Protecting shareholders from predatory CEO's multiple attempts to take control of Landry's Restaurants through improper means. Our litigation forced the CEO to increase his buyout offer by four times the price offered and obtained an additional $14.5 million cash payment for the class.

DESCRIPTION: In this derivative and shareholder class action, shareholders alleged that Tilman J. Fertitta – chairman, CEO and largest shareholder of Landry's Restaurants, Inc. – and its Board of Directors stripped public shareholders of their controlling interest in the company for no premium and severely devalued remaining public shares in breach of their fiduciary duties. BLB&G's prosecution of the action on behalf of Plaintiff **Louisiana Municipal Police Employees' Retirement System** resulted in recoveries that included the creation of a settlement fund composed of $14.5 million in cash, as well as significant corporate governance reforms and an increase in consideration to shareholders of the purchase price valued at $65 million.

EMPLOYMENT DISCRIMINATION AND CIVIL RIGHTS

CASE: ***ROBERTS V. TEXACO, INC.***

COURT: **United States District Court for the Southern District of New York**

HIGHLIGHTS: BLB&G recovered $170 million on behalf of Texaco's African-American employees and engineered the creation of an independent "Equality and Tolerance Task Force" at the company.

DESCRIPTION: Six highly qualified African-American employees filed a class action complaint against Texaco Inc. alleging that the company failed to promote African-American employees to upper level jobs and failed to compensate them fairly in relation to Caucasian employees in similar positions. BLB&G's prosecution of the action revealed that African-Americans were significantly under-represented in high level management jobs and that Caucasian employees were promoted more frequently and at far higher rates for comparable positions within the company. The case settled for over $170 million, and Texaco agreed to a Task Force to monitor its diversity programs for five years – a settlement described as the most significant race discrimination settlement in history.

CASE: ***ECOA - GMAC/NMAC/FORD/TOYOTA/CHRYSLER - CONSUMER FINANCE DISCRIMINATION LITIGATION***

COURT: **Multiple jurisdictions**

HIGHLIGHTS: Landmark litigation in which financing arms of major auto manufacturers are compelled to cease discriminatory "kick-back" arrangements with dealers, leading to historic changes to auto financing practices nationwide.

DESCRIPTION: The cases involve allegations that the lending practices of General Motors Acceptance Corporation, Nissan Motor Acceptance Corporation, Ford Motor Credit, Toyota Motor Credit and DaimlerChrysler Financial cause African-American and Hispanic car buyers to pay millions of dollars more for car loans than similarly situated white buyers. At issue is a discriminatory kickback system under which minorities typically pay about 50% more in dealer mark-up which is shared by auto dealers with the Defendants.

NMAC: The United States District Court for the Middle District of Tennessee granted final approval of the settlement of the class action against Nissan Motor Acceptance Corporation ("NMAC") in which NMAC agreed to offer pre-approved loans to hundreds of thousands of current and potential African-American and Hispanic NMAC customers, and limit how much it raises the interest charged to car buyers above the company's minimum acceptable rate.

GMAC: The United States District Court for the Middle District of Tennessee granted final approval of a settlement of the litigation against General Motors Acceptance Corporation ("GMAC") in which GMAC agreed to take the historic step of imposing a 2.5% markup cap on loans with terms up to 60 months, and a cap of 2% on extended term loans. GMAC also agreed to institute a substantial credit pre-approval program designed to provide special financing rates to minority car buyers with special rate financing.

DAIMLERCHRYSLER: The United States District Court for the District of New Jersey granted final approval of the settlement in which DaimlerChrysler agreed to implement substantial changes to the company's practices, including limiting the maximum amount of mark-up dealers may charge customers to between 1.25% and 2.5% depending upon the length of the customer's loan. In addition, the company agreed to send out pre-approved credit offers of no-markup loans to African-American and Hispanic consumers, and contribute $1.8 million to provide consumer education and assistance programs on credit financing.

FORD MOTOR CREDIT: The United States District Court for the Southern District of New York granted final approval of a settlement in which Ford Credit agreed to make contract disclosures informing consumers that the customer's Annual Percentage Rate ("APR") may be negotiated and that sellers may assign their contracts and retain rights to receive a portion of the finance charge.

CLIENTS AND FEES

We are firm believers in the contingency fee as a socially useful, productive and satisfying basis of compensation for legal services, particularly in litigation. Wherever appropriate, even with our corporate clients, we will encourage retention where our fee is contingent on the outcome of the litigation. This way, it is not the number of hours worked that will determine our fee, but rather the result achieved for our client.

Our clients include many large and well known financial and lending institutions and pension funds, as well as privately-held companies that are attracted to our firm because of our reputation, expertise and fee structure. Most of the firm's clients are referred by other clients, law firms and lawyers, bankers, investors and accountants. A considerable number of clients have been referred to the firm by former adversaries. We have always maintained a high level of independence and discretion in the cases we decide to prosecute. As a result, the level of personal satisfaction and commitment to our work is high.

IN THE PUBLIC INTEREST

Bernstein Litowitz Berger & Grossmann LLP is guided by two principles: excellence in legal work and a belief that the law should serve a socially useful and dynamic purpose. Attorneys at the firm are active in academic, community and *pro bono* activities, as well as participating as speakers and contributors to professional organizations. In addition, the firm endows a public interest law fellowship and sponsors an academic scholarship at Columbia Law School.

BERNSTEIN LITOWITZ BERGER & GROSSMANN PUBLIC INTEREST LAW FELLOWS

COLUMBIA LAW SCHOOL – BLB&G is committed to fighting discrimination and effecting positive social change. In support of this commitment, the firm donated funds to Columbia Law School to create the Bernstein Litowitz Berger & Grossmann Public Interest Law Fellowship. This newly endowed fund at Columbia Law School will provide Fellows with 100% of the funding needed to make payments on their law school tuition loans so long as such graduates remain in the public interest law field. The BLB&G Fellows are able to begin their careers free of any school debt if they make a long-term commitment to public interest law.

FIRM SPONSORSHIP OF HER JUSTICE

NEW YORK, NY – BLB&G is a sponsor of Her Justice, a non-profit organization in New York City dedicated to providing *pro bono* legal representation to indigent women, principally battered women, in connection with the myriad legal problems they face. The organization trains and supports the efforts of New York lawyers who provide *pro bono* counsel to these women. Several members and associates of the firm volunteer their time to help women who need divorces from abusive spouses, or representation on issues such as child support, custody and visitation. To read more about Her Justice, visit the organization's website at www.herjustice.org.

THE PAUL M. BERNSTEIN MEMORIAL SCHOLARSHIP

COLUMBIA LAW SCHOOL – Paul M. Bernstein was the founding senior partner of the firm. Mr. Bernstein led a distinguished career as a lawyer and teacher and was deeply committed to the professional and personal development of young lawyers. The Paul M. Bernstein Memorial Scholarship Fund is a gift of the firm and the family and friends of Paul M. Bernstein, and is awarded annually to one or more second-year students selected for their academic excellence in their first year, professional responsibility, financial need and contributions to the community.

FIRM SPONSORSHIP OF CITY YEAR NEW YORK

NEW YORK, NY – BLB&G is also an active supporter of City Year New York, a division of AmeriCorps. The program was founded in 1988 as a means of encouraging young people to devote time to public service and unites a diverse group of volunteers for a demanding year of full-time community service, leadership development and civic engagement. Through their service, corps members experience a rite of passage that can inspire a lifetime of citizenship and build a stronger democracy.

MAX W. BERGER PRE-LAW PROGRAM

BARUCH COLLEGE – In order to encourage outstanding minority undergraduates to pursue a meaningful career in the legal profession, the Max W. Berger Pre-Law Program was established at Baruch College. Providing workshops, seminars, counseling and mentoring to Baruch students, the program facilitates and guides them through the law school research and application process, as well as placing them in appropriate internships and other pre-law working environments.

NEW YORK SAYS THANK YOU FOUNDATION

NEW YORK, NY – Founded in response to the outpouring of love shown to New York City by volunteers from all over the country in the wake of the 9/11 attacks, The New York Says Thank You Foundation sends volunteers from New York City to help rebuild communities around the country affected by disasters. BLB&G is a corporate sponsor of NYSTY and its goals are a heartfelt reflection of the firm's focus on community and activism.

OUR ATTORNEYS

MEMBERS

MAX W. BERGER, the firm's senior founding partner, supervises BLB&G's litigation practice and prosecutes class and individual actions on behalf of the firm's clients.

He has litigated many of the firm's most high-profile and significant cases, and has negotiated seven of the largest securities fraud settlements in history, each in excess of a billion dollars: *Cendant* ($3.3 billion); *Citigroup–WorldCom* ($2.575 billion); *Bank of America/Merrill Lynch* ($2.4 billion); *JPMorgan Chase–WorldCom* ($2 billion); *Nortel* ($1.07 billion); *Merck* ($1.06 billion); and *McKesson* ($1.05 billion).

Mr. Berger's work has garnered him extensive media attention, and he has been the subject of feature articles in a variety of major media publications. Unique among his peers, *The New York Times* highlighted his remarkable track record in an October 2012 profile entitled "Investors' Billion-Dollar Fraud Fighter," which also discussed his role in the Bank of Amer*ica/Merrill Lynch Merger* litigation. In 2011, Mr. Berger was twice profiled by *The American Lawyer* for his role in negotiating a $627 million recovery on behalf of investors in the *In re Wachovia Corp. Securities Litigation,* and a $516 million recovery in *In re Lehman Brothers Equity/Debt Securities Litigation*. Previously, Mr. Berger's role in the *WorldCom* case generated extensive media coverage including feature articles in *BusinessWeek* and *The American Lawyer*. For his outstanding efforts on behalf of WorldCom investors, *The National Law Journal* profiled Mr. Berger (one of only eleven attorneys selected nationwide) in its annual 2005 "Winning Attorneys" section. He was subsequently featured in a 2006 *New York Times* article, "A Class-Action Shuffle," which assessed the evolving landscape of the securities litigation arena.

One of the "100 Most Influential Lawyers in America"

Widely recognized for his professional excellence and achievements, Mr. Berger was named one of the "100 Most Influential Lawyers in America" by *The National Law Journal* for being "front and center" in holding Wall Street banks accountable and obtaining over $5 billion in cases arising from the subprime meltdown, and for his work as a "master negotiator" in obtaining numerous multi-billion dollar recoveries for investors.

Described as a "standard-bearer" for the profession in a career spanning over 40 years, he is the 2014 recipient of *Chambers USA's* award for Outstanding Contribution to the Legal Profession. In presenting this prestigious honor, *Chambers* recognized Mr. Berger's "numerous headline-grabbing successes," as well as his unique stature among colleagues – "warmly lauded by his peers, who are nevertheless loath to find him on the other side of the table."

Law360 published a special feature discussing his life and career as a "Titan of the Plaintiffs Bar," and also named him one of only six litigators selected nationally as a "Legal MVP" for his work in securities litigation.

For the past ten years in a row, Mr. Berger has received the top attorney ranking in plaintiff securities litigation by *Chambers* and is consistently recognized as one of New York's "local litigation stars" by *Benchmark Litigation* (published by *Institutional Investor* and *Euromoney*). *Law360* also named him one of only six litigators selected nationally as a "Legal MVP" for his work in securities litigation.

Since their various inceptions, he has also been named a "leading lawyer" by the *Legal 500 US* guide, one of "10 Legal Superstars" by *Securities Law360*, and one of the "500 Leading Lawyers in America" and "100 Securities Litigators You Need to Know" by *Lawdragon* magazine. Further, *The Best Lawyers in America* guide has named Mr. Berger a leading lawyer in his field.

Mr. Berger also serves the academic community in numerous capacities as a member of the Dean's Council to Columbia Law School, and as a member of the Board of Trustees of Baruch College. He has taught Profession of Law, an ethics course at Columbia Law School, and currently serves on the Advisory Board of Columbia Law School's Center on Corporate Governance. In May 2006, he was presented with the Distinguished Alumnus Award for his contributions to Baruch College, and in February 2011, Mr. Berger received Columbia Law School's most prestigious and highest honor, "The Medal for Excellence." This award is presented annually to Columbia Law School alumni who exemplify the qualities of character, intellect, and social and professional responsibility that the Law School seeks to instill in its students. As a recipient of this award, Mr. Berger was profiled in the Fall 2011 issue of *Columbia Law School Magazine.*

Mr. Berger is currently a member of the New York State, New York City and American Bar Associations, and is a member of the Federal Bar Council. He is also a member of the American Law Institute and an Advisor to its Restatement Third: Economic Torts project. In addition, Mr. Berger is a member of the Board of Trustees of The Supreme Court Historical Society.

Mr. Berger lectures extensively for many professional organizations. In 1997, Mr. Berger was honored for his outstanding contribution to the public interest by Trial Lawyers for Public Justice, where he was a "Trial Lawyer of the Year" Finalist for his work in *Roberts, et al. v. Texaco*, the celebrated race discrimination case, on behalf of Texaco's African-American employees.

Among numerous charitable and volunteer works, Mr. Berger is an active supporter of City Year New York, a division of AmeriCorps, dedicated to encouraging young people to devote time to public service. In July 2005, he was named City Year New York's "Idealist of the Year," for his long-time service and work in the community. He and his wife, Dale, have also established the Dale and Max Berger Public Interest Law Fellowship at Columbia Law School and the Max Berger Pre-Law Program at Baruch College.

EDUCATION: Baruch College-City University of New York, B.B.A., Accounting, 1968; President of the student body and recipient of numerous awards. Columbia Law School, J.D., 1971, Editor of the *Columbia Survey of Human Rights Law*.

BAR ADMISSIONS: New York; U.S. District Courts for the Eastern and Southern Districts of New York; U.S. Court of Appeals for the Second Circuit; U.S. Supreme Court.

DAVID R. STICKNEY practices in the firm's California office, where he focuses on complex litigation in state and federal courts nationwide at both the trial court and appellate levels. Mr. Stickney has represented institutions and individuals in high-profile and historic cases. He has litigated virtually all types of securities cases, including claims under the Securities and Exchange Acts of 1933 and 1934, fraud and non-disclosure cases under state blue-sky laws and myriad additional types of actions.

Mr. Stickney has prosecuted and, together with his partners, successfully resolved a number of the firm's significant cases. Among such cases are *In re McKesson Sec. Litig.*, recovering $1.023 billion, the largest settlement in history for any securities class action within the Ninth Circuit; *In re Lehman Brothers Debt/Equity Sec. Litig.*, which settled for $615 million; *In re Bear Stearns Mortgage Pass-Through Certificate Litigation*, recovering $500 million; *Plaintiff vs. Wall Street Banks,* recovering $382 million*; Public Employees Ret. Sys. of Miss. vs. Merrill Lynch & Co.*,

recovering $325 million; *Wyatt v. El Paso Corp*., which settled for $285 million; *Public Employees Ret. Sys. of Miss. vs. JP Morgan*, which settled for $280 million; *In re Genworth Fin. Inc., Sec. Litig.*, settlement pending for $219 million; *BFA Liquidation Trust v. Arthur Andersen LLP*, which settled during trial for $217 million; *In re Wells Fargo Mortgage Pass-Through Certificate Litig*., which settled for $125 million; *Public Employees Ret. Sys. of Miss. vs. Morgan Stanley*, which settled for $95 million; *In re Lumber Liquidators Sec. Litig.; In re Sunpower Corp.; Atlas v. Accredited Home Lenders Holding Company*; *In re Connetics Inc.; In re Stone Energy Corp.; In re WSB Financial Group Sec. Litig.*; *In re Dura Pharmaceuticals Inc. Sec. Litig.*; *In re EMAC Sec. Litig.*, and additional cases.

Mr. Stickney has prosecuted claims arising from a wide variety of industries, including finance and banking, accounting services, retail, automotive, software and technology, telecommunications, education, healthcare, pharmaceutical, energy oil and gas, transportation and shipping, real estate, forestry, insurance and others. He is currently responsible for a number of the firm's prominent cases, including litigation involving *Cobalt*, *Rayonier*, *Apollo Education Group* and others.

In March 2016, *The Recorder* selected Mr. Stickney as a Groundbreaker for his work recovering billions of dollars from sellers of toxic mortgage securities. *The Daily Journal* named Mr. Stickney as one of the top 30 plaintiff lawyers in California for 2016. In November 2014, *Law360* profiled Mr. Stickney in "Titan of the Plaintiffs Bar: David Stickney," and he was the subject of "Class Action MVP," one of only four litigators selected nationally. Mr. Stickney was recognized in 2008-2016 as a Super Lawyer in *San Diego Super Lawyers* and in the Corporate Counsel edition of *Super Lawyers* (published by *Law and Politics*). He was also selected by *Lawdragon* for "500 Leading Lawyers in America," and was named as a "Litigation Star" and a "Rising Star" in *Benchmark – The Definitive Guide to America's Leading Litigation Firms & Attorneys*, one of only 40 attorneys selected to this list in California.

Mr. Stickney lectures on securities litigation and shareholder matters for seminars and programs sponsored by professional organizations. He has also authored and co-authored several articles concerning securities litigation and class actions.

During 1996-1997, Mr. Stickney served as law clerk to the Honorable Bailey Brown of the United States Court of Appeals for the Sixth Circuit.

EDUCATION: University of California, Davis, B.A., 1993. University of Cincinnati College of Law, J.D., 1996; Jacob B. Cox Scholar; Lead Articles Editor of the *University of Cincinnati Law Review*.

BAR ADMISSIONS: California; U.S. District Courts for the Northern, Southern and Central Districts of California; U.S. Courts of Appeals for the Second, Fifth, Sixth, Eighth and Ninth Circuits; U.S. District Court for the District of Colorado.

JONATHAN D. USLANER prosecutes securities class actions, individual investor actions, shareholder derivative litigation and antitrust litigation on behalf of the firm's clients.

Mr. Uslaner was a member of the trial team that prosecuted *In re Bank of America Securities Litigation*, which resulted in a historic settlement shortly before trial of $2.43 billion, one of the largest shareholder recoveries ever obtained. He was also a senior member of the teams leading the prosecution in the actions captioned: *In re Genworth Financial, Inc. Securities Litigation,* which settled for $219 million; *In re JPMorgan Chase & Co. Securities Litigation*, which settled for $150 million; *In re Wells Fargo Mortgage-Backed Certificates Litigation*, which settled for $125 million; *In re Dendreon Securities Corp. Litigation*, which settled for $40 million; and *Cambridge Place Investment Management Inc. v. Morgan Stanley & Co., Inc., et al.,* a high-profile non-class litigation brought by an investment manager against over a dozen financial institutions, which settled on undisclosed terms. In addition, Mr. Uslaner was a member of the

team that successfully brought a derivative action against the senior management and the Board of Directors of Pfizer, Inc., resulting in a $75 million payment dedicated to improve the company's compliance with healthcare laws and extensive corporate governance reforms.

Mr. Uslaner currently represents the firm's institutional investor clients as counsel in a number of significant actions, including the securities class actions against Facebook Inc. relating to its initial public offering. He is also representing the firm's clients in securities class actions brought against Rayonier Inc. and Cobalt relating to their misrepresentations to investors. In addition, he is representing the firm's clients in direct actions brought against American Realty Capital Properties and its former officers.

For his outstanding achievements, Mr. Uslaner has been recognized by *Law360* as a national "Rising Star" for his work in securities litigation, and has been named among the "Top 40 Under 40" legal professionals in California by the *Daily Journal*. He was also named to *Benchmark Litigation's* "Under 40 Hot List," which honors the nation's most accomplished legal partners under the age of 40, and is regularly recognized as one of San Diego's "Rising Stars" by *Super Lawyers*.

Mr. Uslaner has authored articles relating to class actions and the federal securities laws, including "Much More Than 'Housekeeping': Rule 23(c)(4) in Action" and "Keeping Plaintiffs in the Driver's Seat: The Supreme Court Rejects 'Pick-off' Settlement Offers," which were published by the American Bar Association. He currently serves as an editor of the ABA's *Class Actions and Derivative Suits Committee's Newsletter*.

Mr. Uslaner is a member of the Board of Governors of the San Diego Chapter of the Association of Business Trial Lawyers. He is also a board member of Home of Guiding Hands, a non-profit organization that serves individuals with developmental disabilities and their families in the San Diego community. Most recently, he was named "Volunteer of the Year" for 2015 for his work and contributions to the organization.

Prior to joining BLB&G, Mr. Uslaner was a senior litigation associate at the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, where he successfully prosecuted and defended claims from the discovery stage through trial. He also gained significant experience as a judicial extern for Justice Steven Wayne Smith of the Supreme Court of Texas and as a volunteer prosecutor for the City of Inglewood, California.

EDUCATION: Duke University, B.A., *magna cum laude*, 2001, William J. Griffith Award for Leadership; Chairperson, Duke University Undergraduate Publications Board. The University of Texas School of Law, J.D., 2005; University of Texas Presidential Academic Merit Fellowship; Articles Editor, *Texas Journal of Business Law*.

BAR ADMISSIONS: California; New York; U.S. District Courts for the Central and Northern Districts of California; U.S. District Court for the Southern District of New York.

SENIOR COUNSEL

ROCHELLE FEDER HANSEN has handled a number of high profile securities fraud cases at the firm, including *In re StorageTek Securities Litigation*, *In re First Republic Securities Litigation*, and *In re RJR Nabisco Securities Litigation*. Ms. Hansen has also acted as Antitrust Program Coordinator for Columbia Law School's Continuing Legal Education Trial Practice Program for Lawyers.

EDUCATION: Brooklyn College of the City University of New York, B.A., 1966; M.S., 1976. Benjamin N. Cardozo School of Law, J.D., *magna cum laude,* 1979; Member, *Cardozo Law Review*.

BAR ADMISSIONS: New York; U.S. District Courts for the Eastern and Southern Districts of New York; U.S. Court of Appeals for the Second Circuit.

NIKI L. MENDOZA, a former senior counsel of the firm, practiced out of the San Diego office, where she helped obtain hundreds of millions of dollars in recoveries on behalf of defrauded investors. Some of Ms. Mendoza's more notable accomplishments included participating in a full jury trial and achieving a rare securities fraud verdict against the company's CEO in *In re Clarent Corporations Securities Litigation*. She also conducted extensive fact and expert discovery, full motion practice and completed substantial trial preparation in *In re Electronic Data Systems, Inc. Securities Litigation*, resulting in settlement just prior to trial for $137.5 million; one of the larger settlements in non-restatement cases since the passage of the PSLRA.

EDUCATION: University of Oregon, B.A. and J.D.; Order of the Coif; Managing Editor of the *Oregon Law Review.*

BAR ADMISSIONS: Hawaii (inactive); California; Oregon; U.S. District Courts for the Districts of Hawaii, and the Northern, Southern, Central and Eastern Districts of California; U.S. Courts of Appeals for the Second, Fifth, Ninth, Tenth and Eleventh Circuits.

ASSOCIATES

DAVID L. DUNCAN's practice concentrates on the settlement of class actions and other complex litigation and the administration of class action settlements.

Prior to joining BLB&G, Mr. Duncan worked as a litigation associate at Debevoise & Plimpton, where he represented clients in a wide variety of commercial litigation, including contract disputes, antitrust and products liability litigation, and in international arbitration. In addition, he has represented criminal defendants on appeal in New York State courts and has successfully litigated on behalf of victims of torture and political persecution from Sudan, Côte d'Ivoire and Serbia in seeking asylum in the United States.

While in law school, Mr. Duncan served as an editor of the *Harvard Law Review*. After law school, he clerked for Judge Amalya L. Kearse of the U.S. Court of Appeals for the Second Circuit.

EDUCATION: Harvard College, A.B., Social Studies, *magna cum laude*, 1993. Harvard Law School, J.D., *magna cum laude*, 1997.

BAR ADMISSIONS: New York; Connecticut; U.S. District Court for the Southern District of New York.

RACHEL FELONG, a former associate of the firm, practiced out of the firm's San Diego office, focusing on securities class and derivative actions brought on behalf of defrauded investors. She was a member of the teams prosecuting *In re Genworth Financial, Inc. Securities Litigation* and the RMBS Trustee Actions.

Prior to joining the firm, Ms. Felong litigated insurance defense cases at a prominent San Diego litigation boutique firm. She also served as a judicial extern for the Honorable J. Margaret Mann of the U.S. Bankruptcy Court of the Southern District of California.

EDUCATION: University of California, San Diego, B.S., Management Science, *with High Distinction*, 2007. University of California, San Diego, Certificate, Accounting, 2008. University of San Diego School of Law, J.D., *cum laude*, 2011; Comments Editor, *San Diego Law Review,* CALI Excellence for the Future Award, Antitrust Law.

BAR ADMISSIONS: California; U.S. District Courts for the Central, Northern and Southern Districts of California.

SCOTT R. FOGLIETTA focuses his practice on securities litigation and is a member of the firm's New Matter group, in which he, as part of a team of attorneys, financial analysts, and investigators, counsels institutional investors on potential legal claims.

Mr. Foglietta also serves as a member of the litigation team responsible for prosecuting *In re Lumber Liquidators Holdings, Inc. Securities Litigation*. For his accomplishments, Mr. Foglietta was recently named a New York "Rising Star" in the area of securities litigation.

Before joining the firm, Mr. Foglietta represented institutional and individual clients in a wide variety of complex litigation matters, including securities class actions, commercial litigation, and ERISA litigation. While in law school, Mr. Foglietta served as a legal intern in the Financial Industry Regulatory Authority's (FINRA) Enforcement Division, and in the general counsel's

office of NYSE Euronext. Prior to law school, Mr. Foglietta earned his M.B.A. in finance from Clark University and worked as a capital markets analyst for a boutique investment banking firm.

EDUCATION: Clark University, B.A., Management, *cum laude*, 2006. Clark University, Graduate School of Management, M.B.A., Finance, 2007. Brooklyn Law School, J.D., 2010.

BAR ADMISSIONS: New York; New Jersey.

JULIA E. JOHNSON focuses her practice on securities fraud, corporate governance and shareholder rights litigation.

She is currently a member of the firm's teams prosecuting securities class actions against Qualcomm Inc., Centene Corp., CTI BioPharma Corp., and Valeant Pharmaceuticals International, Inc.

Prior to joining the firm, Ms. Johnson was a legal fellow at the World Bank's Integrity Vice Presidency, Special Litigation Unit, and the Office of the U.S. Trade Representative.

EDUCATION: Wake Forest University, B.A., 2010, Economics; Minor in English. Duke University School of Law, J.D., 2014; Articles Editor, *Alaska Law Review;* Executive Editor, *Duke Environmental Law & Policy Forum*.

BAR ADMISSIONS: California; New York; Georgia; District of Columbia; U.S Court of International Trade.

STAFF ATTORNEY

GIROLAMO BRUNETTO has worked on numerous matters at BLB&G, including I*n re Altisource Portfolio Solutions, S.A., Securities Litigation, In re Genworth Financial Inc. Securities Litigation, In re Facebook, Inc., IPO Securities and Derivative Litigation* and *In re JPMorgan Chase & Co. Securities Litigation*. Mr. Brunetto presently concentrates on the settlement of class actions and the administration of class action settlements.

Prior to joining the firm in 2014, Mr. Brunetto was a volunteer assistant attorney general in the Investor Protection Bureau at the New York State Office of the Attorney General.

EDUCATION: University of Florida, B.S.B.A. and B.A., *cum laude*, May 2007. New York Law School, J.D., *cum laude*, 2011.

BAR ADMISSIONS: New York.

Exhibit 7

Honorable Robert S. Lasnik

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL DECLARATION OF ROGER M. TOWNSEND IN SUPPORT OF LEAD COUNSEL'S REQUEST FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES FILED ON BEHALF OF BRESKIN, JOHNSON & TOWNSEND PLLC

I, ROGER TOWNSEND, declare as follows:

1. I am a partner of the law firm of Breskin, Johnson & Townsend PLLC.[1] My firm serves as Local Counsel for Lead Plaintiff DAFNA LifeScience, LP and DAFNA LifeScience Select, LP and the Settlement Class in the above-captioned action (the "Action"). I submit this declaration in support of Lead Counsel's application for an award of attorneys' fees and reimbursement of litigation expenses. I have personal knowledge of the facts set forth herein and, if called upon, could and would testify thereto.

2. My firm, as Local Counsel for Lead Plaintiff and the Settlement Class, reviewed, analyzed, and assisted in the preparation of pleadings, briefs and other papers filed in this Action, appeared at argument, provided advice concerning local practice, assisted in communications with the Court, and coordinated filings and scheduling matters with opposing

[1] Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated as of September 15 2017 (ECF No. 106-2).

BRESKIN | JOHNSON | TOWNSEND PLLC
1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

counsel. We made particular effort to avoid duplication of efforts.

3. I have worked on this case since April 2016, expending a total of 65.3 hours on the matter. I personally worked on the case throughout and no other attorney worked on this matter. For class action litigation, I bill at an hourly rate of $505 per hour and my total lodestar is $32,976.50. Time expended on the application for fees and reimbursement of expenses has not been included in this request.

4. 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.

5. My firm is seeking reimbursement for a total of $231.00 in expenses incurred in connection with the prosecution of this Action. This expense is for a pro hac vice application.

6. The Litigation Expenses incurred in this Action 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.

7. With respect to the standing of my firm, attached hereto as **Exhibit A** is a brief biography of my firm and attorneys in my firm who were involved in this Action.

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

Executed on this 27th day of December, 2017.

s/ Roger M. Townsend
Roger M. Townsend

BRESKIN | JOHNSON | TOWNSEND PLLC
1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

Exhibit A

OUR FIRM

Breskin Johnson & Townsend PLLC was founded in 2007 and has been appointed class counsel in dozens of cases in state and federal courts in Washington and around the country. Breskin Johnson & Townsend specializes in representing plaintiffs in consumer, employment, insurance and securities class actions. Below are a few of BJT's representative cases

REPRESENTATIVE CLASS ACTIONS CASES

- *Pisano v. Zulily, Inc., et al.* Federal securities law class action against Zulily, Inc. Defendants have violated the above-referenced Sections of the Exchange Act by causing a materially incomplete and misleading Schedule 14D-9 Solicitation/Recommendation Statement to be filed with the SEC.
- *Griffith v. IsoRay, Inc., et al.* Class action against IsoRay and current and Former members of its Board of Directors for breaches of fiduciary duty and violations of the Minnesota Business Corporations Act.
- *In re: WSB Financial Group Securities Litigation*. Federal securities law class action against WSB Financial Group relating to its misrepresentations and disclosures in SEC filings about its initial public offering.
- *Hill v. Garda CL Northwest*. Armored car drivers in Washington challenge Garda's break and wage practices.
- *Sump v. Affiliated Computer Services, Inc*. Class action by Washington state customer service representatives paid under ACS's "Activity Based Compensation" or "ABC" pay plan, which they claim is deceptive and violates Washington wage laws.
- *In re: Former Washington Mutual Employees* Lead Counsel in a consolidated lawsuit against the FDIC for failing to pay compensation due to former employees of Washington Mutual Bank.
- *Barker v. Skype*.Settled. Reached nationwide settlement in federal lawsuit against Skype, for alleged violations of state laws due to Skype's policy of expiring consumer credits. Settlement includes refunding expired customer credits and a nationwide practice change.
- *Volkswagen Motor Company*. Class Action filed by owners of 1999 and 2000 model year Volkswagens with a diesel (TDI) engine for defects to the intake manifold.
- *MySpine, PS v. Allstate Insurance*. Washington class actions for failure to pay all reasonable and necessary medical expenses under an Allstate PIP insurance policy. Preliminary Approval Granted.
- *MySpine, PS v. Hartford Insurance.* Washington class actions for failure to pay all reasonable and necessary medical expenses under a Hartford PIP insurance policy.

Preliminary Approval Granted. *Randolph v. AT&T Wireless / Schnall v. AT&T Wireless*. California and national class actions by AT&T Wireless subscribers challenging ATT's practice of adding undisclosed "universal connectivity" charges to monthly price of service.

- *Udlinek v. AT&T Wireless*. Washington consumers challenging "cramming" of unwanted features and charging for calls that were supposed to be free.
- *Peck/Bowden v. Cingular / Riensche v. Cingular*. Class actions on behalf of Washington consumers challenging Cingular's practice of billing them an additional fee for its state B&O tax obligations (the so-called "B&O Surcharge").
- *Baxter Air, Inc. v. NOS Communications*. Class action by small businesses in Washington who were deceived into purchasing long distance services at inflated prices through "call unit" billing scheme.
- *Short v. Sprint*. Action by Washington consumers challenging Sprint's practice of "contract renewal" without their knowledge or consent, to prevent them from switching carriers or require them to pay large Early Termination Fees.
- *Hesse/Olson v. Sprint*. Class action by Washington consumers challenging Sprint's practice of billing them an additional fee for its state B&O tax obligations.
- *eNIC Shareholders v. Verisign, Inc.*, United States District Court, Western District of Washington; obtained summary judgment in favor of Plaintiffs in enforcement action under Earnout Clauses to Merger Agreement.
- *Douglas v. Xerox.* Employees across the county challenge Xerox's wage practices.
- *Douglas v. Hill.* Washington employees challenge Xerox's wage practices.
- *MySpine v. USAA.* Washington class action for failure to pay all reasonable and necessary medical expenses under an USAA insurance policy
- *Chan v. Liberty Mutual.* Washington class action for failure to pay all reasonable and necessary medical expenses under a Liberty Mutual insurance policy
- *Chan v. Safeco.* Washington class action for failure to pay all reasonable and necessary medical expenses under a Safeco insurance policy
- *Folweiler Chiropractic v. FairHealth.* A class action by Washington providers whose bills were improperly reduced based on the FairHealth database.
- *Folweiler Chiropractic v. Allstate.* Washington class action for failure to pay all reasonable and necessary medical expenses under an Allstate insurance policy
- *Folweiler Chirporactiv v. Progressive.* Washington class action for failure to pay all reasonable and necessary medical expenses under a Progressive insurance policy
- *Sonosite, Inc. Shareholder Litigation.* Federal securities law class action against Sonosite, Inc Financial Group relating to their breach of fiduciary duties arising out of their attempt to sell the Company to FUJIFILM Holdings Corporation ("Fujifilm") (the "Proposed Transaction"); and Fujifilm and Salmon Acquisition Corporation for aiding and abetting these breaches of fiduciary duties.

- *In Re Superclick, Inc. Shareholder Litigation.* Federal securities law class action against Superclick Board of Directors relating to their breach of fiduciary duties arising out of their attempt to sell the Company to AT&T Corp. ("AT&T") by means of an unfair process and for an unfair price.
- *Daks v. Seabright Holdings, Inc. Et Al.* Federal securities law class action against Seabright Holdings, Inc. relating to its breach of fiduciary duties arising out of their attempt to sell the Company to Enstar by means of an unfair process and for an unfair price.
- *In Re Emeritus Corp. Shareholder Litigation*. Federal securities law class action against Emeritus Board of Directors relating to its for their breach of fiduciary duties arising out of their attempt to sell the Company to Brookdale by means of an unfair process and for an unfair price.

Roger M. Townsend, Partner

Roger Townsend has been a respected complex litigation attorney in Seattle since 1995. Mr. Townsend has represented individuals and businesses in partnership, breach of contract, intellectual property, privacy rights, professional malpractice, shareholder, employment, non-compete, trade secret and related matters.

Mr. Townsend has been appointed class counsel in multiple class actions including, *Pisano v. Zulily, Inc., et al.; Griffith v. IsoRay, Inc., et al.; In re: WSB Financial Group Securities Litigation*; *Barker v. Skype*; *Volkswagen Motor Company TDI litigation; MySpine, PS v. Allstate Insurance; MySpine, PS v. Hartford Insurance; Peck/Bowden v. Cingular / Riensche v. Cingular*; *Hesse/Olson v. Sprint*; *MySpine v. USAA; Sonosite, Inc. Shareholder Litigation; In Re Superclick, Inc. Shareholder Litigation; Daks v. Seabright Holdings, Inc. Et Al.; In Re Emeritus Corp. Shareholder Litigation*.

Professional Honors and Affiliations

- Ninth Circuit Lawyer Representative, Co-Chair Western District of Washington (2017-2019)
- President (2017 Term), Federal Bar Association, Western District of Washington
- Named "Super Lawyer" by Washington Law & Politics, 2008–present
- "AV" rated by Martindale-Hubbell Peer Review (highest rating)
- AVVO rating: 10.0 (highest rating)
- Member, Bainbridge Island City Council (2013-2017)
- Law Clerk to the Honorable William L. Dwyer, United States District Judge, Western District of Washington, 1996–1997
- Law Clerk to the Honorable Robert R. Beezer, United States Circuit Judge, Ninth Circuit Court of Appeals, 1997–1998

Education

- Northwestern University School of Law
- Wesleyan University B.A., Economics

Exhibit 8

CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

Securities Class Action Settlements

2016 Review and Analysis

Table of Contents

Table of Figures and Appendices

Analyses in this report are based on 1,621 securities class actions filed after passage of the Private Securities Litigation Reform Act of 1995 (Reform Act) and settled from 1996 through year-end 2016. See page 20 for a detailed description of the research sample. For purposes of this report and related research, a settlement refers to a negotiated agreement between the parties to the securities class action that is publicly announced to potential class members by means of a settlement notice.

Highlights

- The number of securities class action settlements approved in 2016 grew to 85—the highest level since 2010. (page 3)
- Total settlement dollars approved by courts in 2016 was nearly $6 billion, almost double the total in 2015 and the second highest in the past 10 years. (page 3)
- The total value of mega settlements (settlements over $100 million) in 2016 represented more than two times the value for these cases in 2015. (page 4)
- The median settlement amount in 2016 was $8.6 million, about 40 percent higher than the 2015 median of $6.1 million. (page 5)
- Compared to the prior five years (2011–2015), 2016 average "estimated damages" were 30 percent higher while median "estimated damages" were almost 15 percent lower. (page 6)
- Median settlements as a percentage of "estimated damages" in 2016 increased 24 percent from the 2011–2015 median and were higher than any annual percentage in the last five years. (page 8)
- Median Disclosure Dollar Loss (DDL) associated with 2016 settlements was 50 percent more than the prior year. (page 10)
- The year 2016 had the highest percentage of cases settling within two years of the filing date since 2006. (page 17)

Figure 1: Settlement Statistics

(Dollars in Millions)

	1996–2015	2015	2016
Minimum	$0.1	$0.4	$0.9
Median	$8.3	$6.1	$8.6
Average	$55.5	$38.4	$70.5
Maximum	$8,611.2	$982.8	$1,575.0
Total Amount	$85,266.6	$3,072.8	$5,990.0
Number of Settlements	1,536	80	85

Note: Settlement dollars are adjusted for inflation; 2016 dollar equivalent figures are used.

2016 Findings and Perspectives

Continuing the growth observed in the prior year, the number of settlements approved in 2016 increased to 85—substantially higher than the levels in 2011 through 2014. This escalation can be attributed to the recent increase in case filings.

Mega Settlements

Ten mega settlements in 2016—the highest number over the last 10 years—contributed to an almost twofold increase in the average settlement amount from 2015 to 2016. Two of the mega settlements exceeded $1 billion. This was the first year since 2006 with multiple settlements over $1 billion.

"Estimated Damages"

To understand the latest settlement trends, it is helpful to consider the important determinants of settlement amounts. The most important factor in explaining settlement amounts is a proxy ("estimated damages") for shareholder damages. For settlements approved in 2016, average "estimated damages" reached the second-highest amount over the last 10 years. Settlements as a percentage of "estimated damages" also increased over 2015, indicating that other factors likely contributed to the rise in settlement amounts as well. In particular, the percentage of settlements with public pension plans as lead plaintiffs and the number of restatement cases increased in 2016. In addition, the size of the issuer defendant (as measured by total assets) was substantially higher in 2016 as compared to 2015. All of these factors are associated with higher settlement amounts.

"Higher settlements in 2016 were driven not only by higher 'estimated damages' but also by other case factors, leading to a six-year high in settlements as a percentage of 'estimated damages.'"

Dr. Laura E. Simmons
Senior Advisor
Cornerstone Research

Developing Trends

The record number of case filings in 2016,[1] coupled with four consecutive year-over-year increases, may continue to fuel growth in the number of settlements into the coming years.

While the number of settlements may increase, the most recent data on case filings, however, indicate a potential decline in very large cases, as measured by market capitalization losses. This suggests that, at some point in the next few years, a drop in mega settlements may follow.

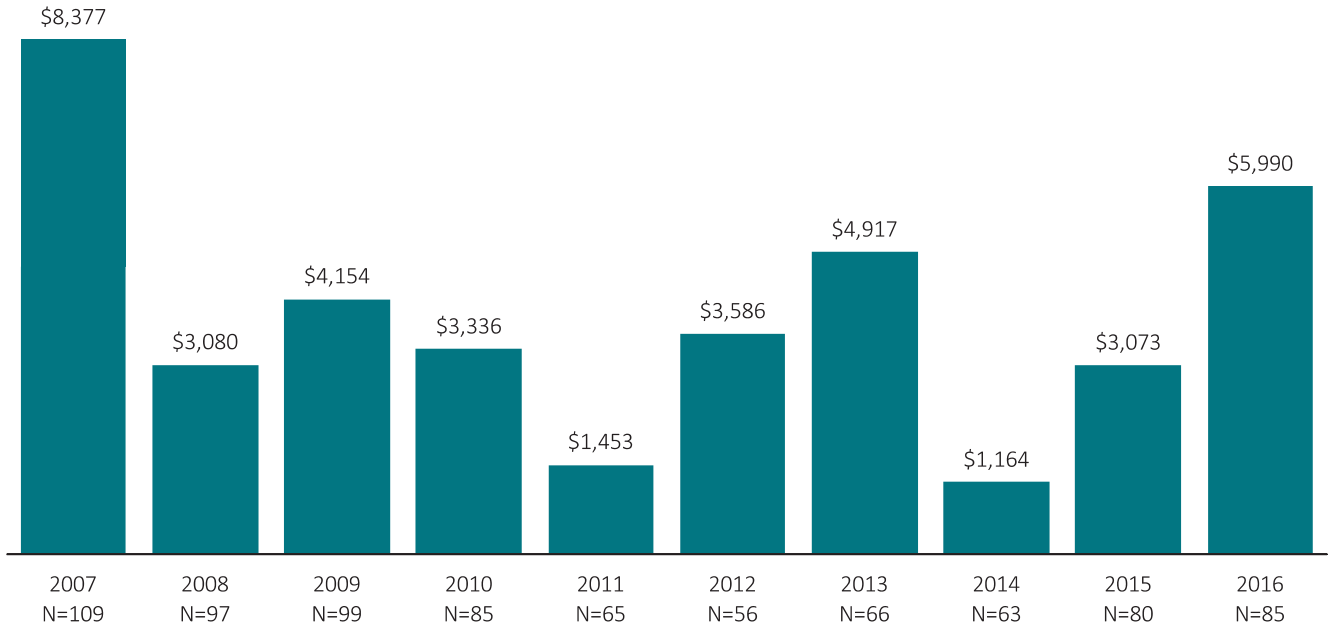
Industry trends among securities class actions have fluctuated in the last 20 years but, according to Cornerstone Research's *Securities Class Action Filings—2016 Year in Review*, healthcare and related industry sectors, such as biotech and pharmaceuticals, may play a growing role in both the number and total dollar amounts of settlements in securities class actions.

Total Settlement Dollars

- The total value of settlements approved by courts in 2016 was more than $5.9 billion, almost double the amount approved in 2015.
- The higher number of mega settlements in 2016 and the corresponding higher average settlement value for these cases contributed to the substantial increase in total settlement dollars.
- The number of settlements approved in 2016 increased only modestly from 2015, but grew substantially over the annual numbers from 2011 to 2014.

2016 total settlement dollars exceeded inflation-adjusted totals for eight of the nine prior years.

Figure 2: Total Settlement Dollars
2007–2016
(Dollars in Millions)



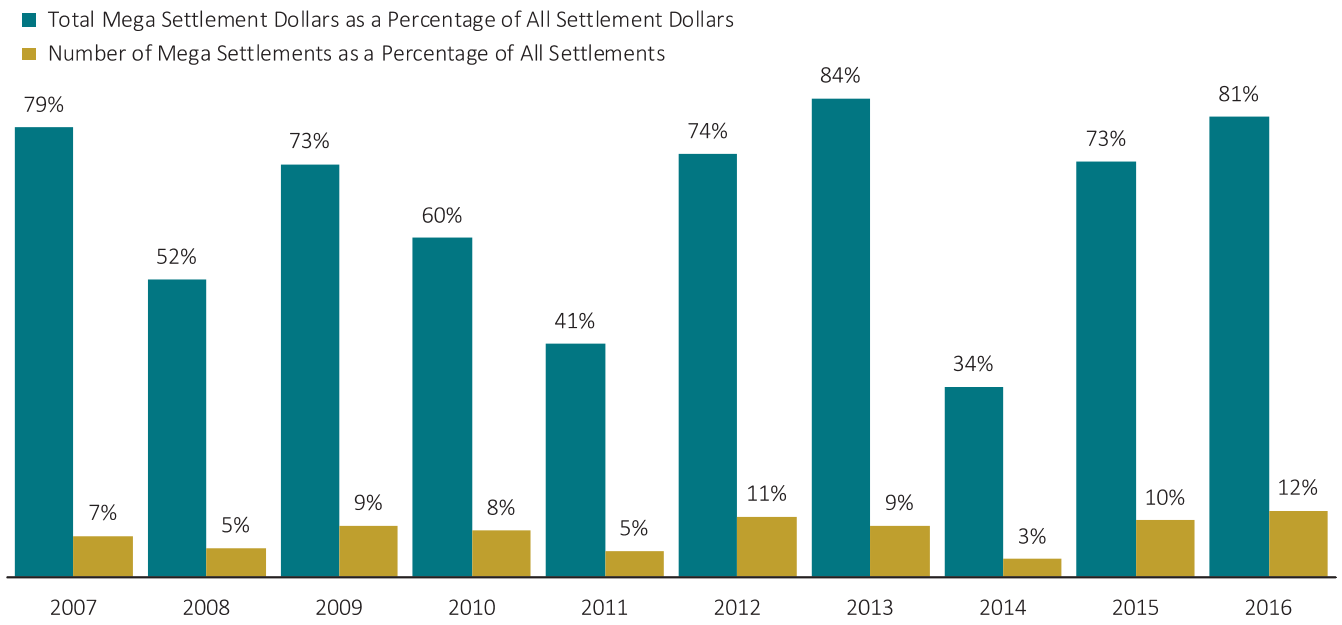
Note: Settlement dollars are adjusted for inflation; 2016 dollar equivalent figures are used.

Mega Settlements

- Four of the 10 approved mega settlements in 2016 were between $100 million and $250 million; four were between $250 million and $500 million; and two exceeded $1 billion. The last observed settlement over $1 billion was in 2013.
- The median mega settlement in 2016 was $318 million, almost twice the median in 2015.
- In 2016, $4.8 billion of the total $6 billion settlement value came from mega settlements.
- The number of mega settlements as a percentage of all settlements in 2016 was the highest over the last 10 years.
- Mega settlements have accounted for 72 percent of all settlement dollars on average from 2007–2016.

The total value of mega settlements in 2016 was more than two times the prior year's value.

Figure 3: Mega Settlements
2007–2016



Settlement Size

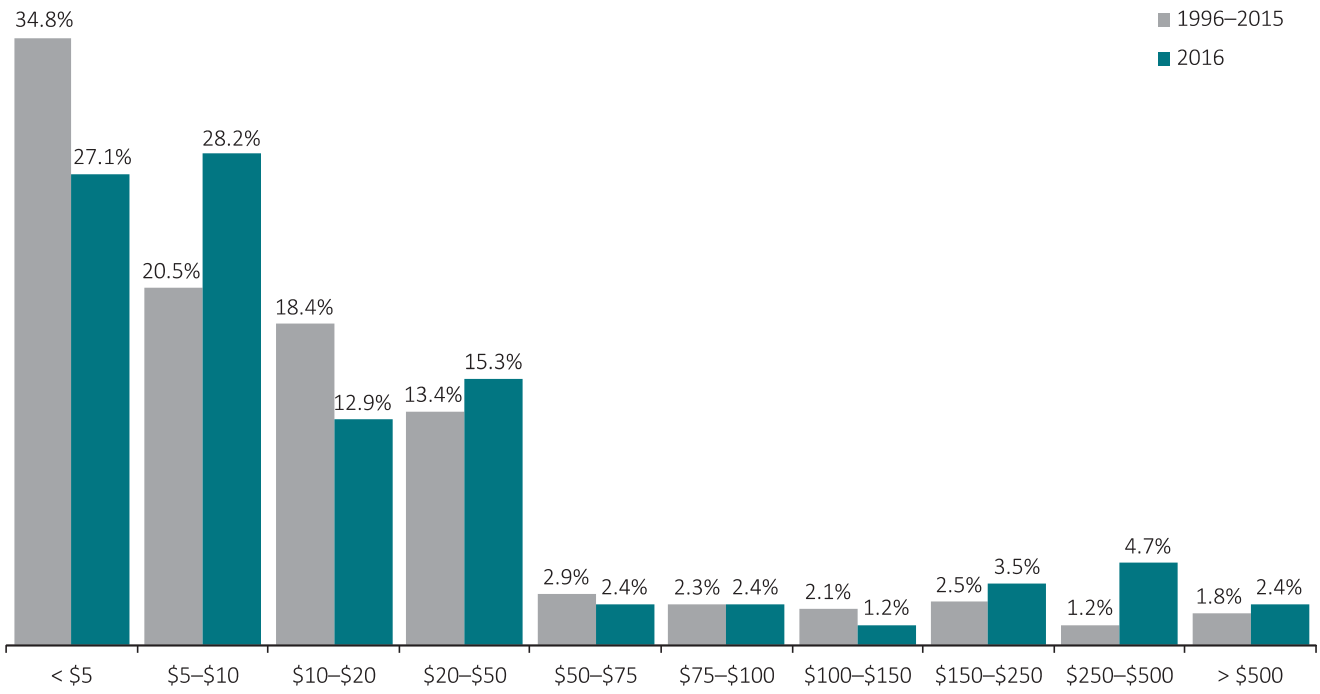
- The proportion of cases settling for $2 million or less (often referred to as "nuisance suits") in 2016 was 12 percent (10 cases), a drop from 25 percent (20 cases) in 2015 and a return to 2013 and 2014 proportions.
- The percentage of cases settling for less than $5 million also decreased in 2016 compared to prior years.

The median settlement amount increased more than 40 percent from $6.1 million in 2015 to $8.6 million in 2016.

- In 2016, 56 percent of settlements fell between $5 million and $50 million, 18 percent higher than the rate for all prior post–Reform Act years.
- Among all post–Reform Act settlements, 79 percent have been for amounts equal to or less than $25 million.
- The higher proportion of 2016 cases settling for $150 million or more reflects the record number of mega settlements compared to the last 10 years.
- Median total assets for issuer defendants settling in 2016 were more than 41 percent higher than the median asset value for 2015 settlements (adjusted for inflation) and 15 percent higher than the median total assets for issuers settling in the prior 10 years.

Figure 4: Distribution of Post–Reform Act Settlements

(Dollars in Millions)



Note: Settlement dollars are adjusted for inflation; 2016 dollar equivalent figures are used.

Damages Estimates and Market Capitalization Losses

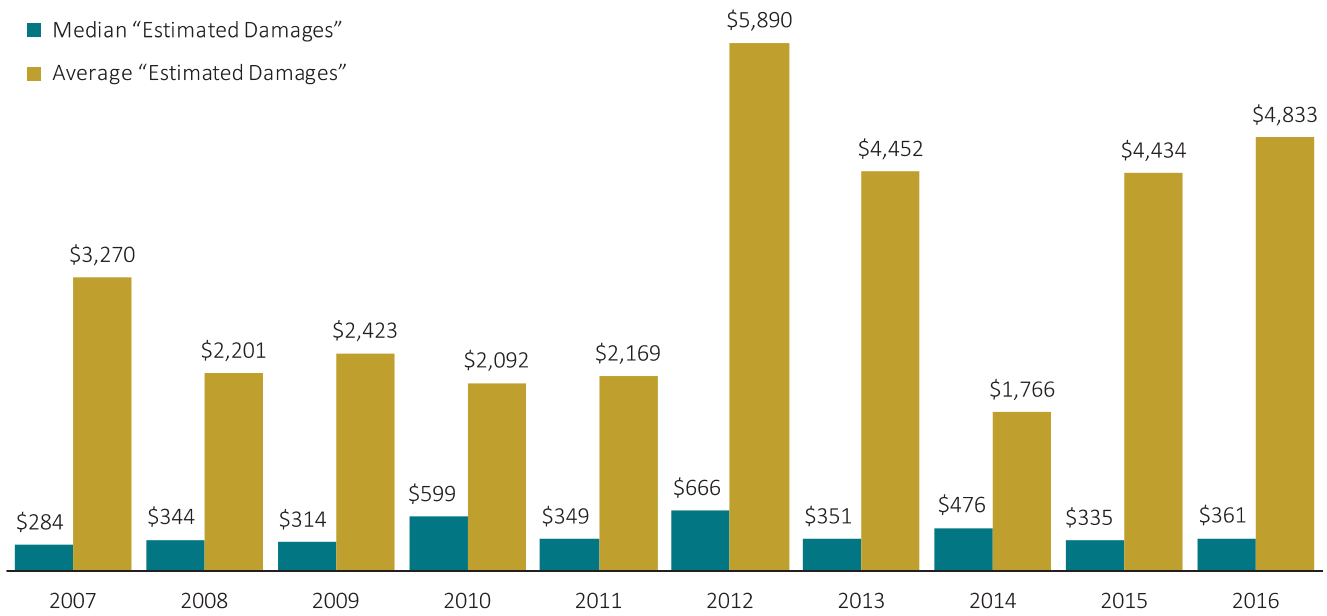
"Estimated Damages"

"Estimated damages" are a simplified measure of potential shareholder losses that allows for use of a consistent method in this study and therefore the identification and analysis of potential trends. While "estimated damages" are found to be the most important factor in predicting settlement amounts, they are not necessarily linked to the allegations in the associated court pleadings.[2] The damages estimates presented in this report are not intended to be indicative of actual economic losses borne by shareholders.

Average "estimated damages" in 2016 were the second highest in the last 10 years.

- Average and median "estimated damages" for 2016 increased modestly from 2015 (9 percent and 8 percent, respectively).
- Compared to the average and median values for the previous five years (2011–2015), however, 2016 average "estimated damages" were 30 percent higher while median "estimated damages" were 14 percent lower.
- Overall, higher "estimated damages" are associated with larger issuer defendants (measured by total assets of the issuer) and more mature firms (measured by the length of time publicly traded). In addition, plaintiffs are more likely to name third-party defendants in larger cases (as measured by "estimated damages").

Figure 5: Median and Average "Estimated Damages"
2007–2016
(Dollars in Millions)



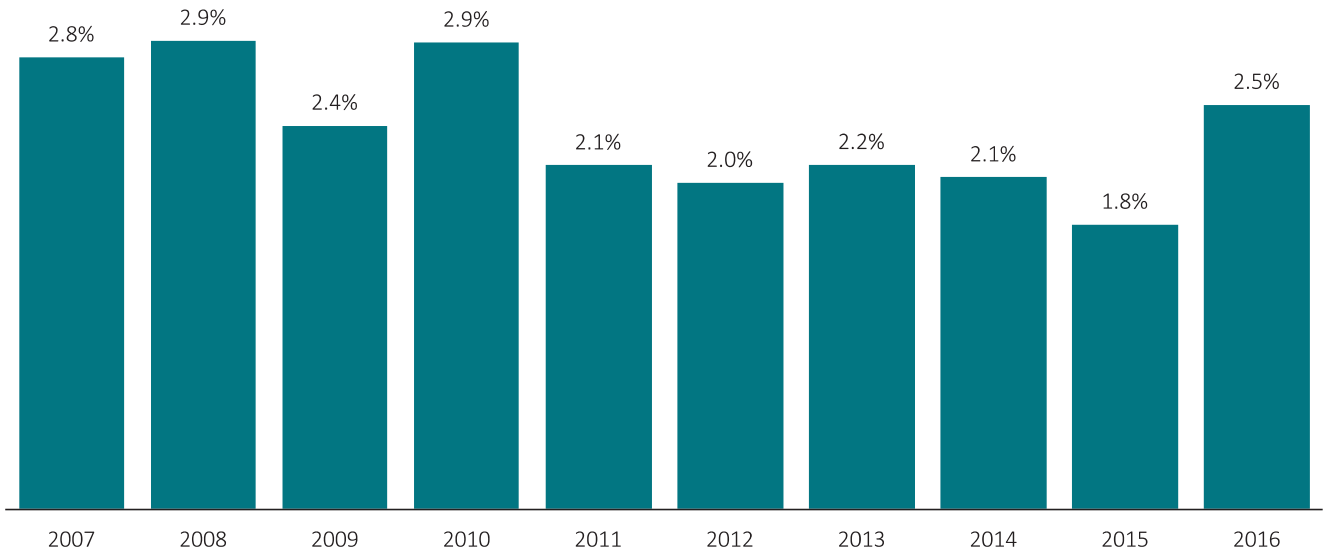
Note: "Estimated damages" are adjusted for inflation based on class period end dates.

"Estimated Damages" *continued*

- In 2016, median settlements as a percentage of "estimated damages" increased 39 percent over 2015.
- While the median settlement as a percentage of "estimated damages" for mega settlements has often been lower than for non-mega settlements, in 2016 it was slightly higher (2.7 percent and 2.5 percent for mega settlements and non-mega settlements, respectively).

In 2016, median settlements as a percentage of "estimated damages" jumped from 2015's historic low.

Figure 6: Median Settlements as a Percentage of "Estimated Damages"
2007–2016



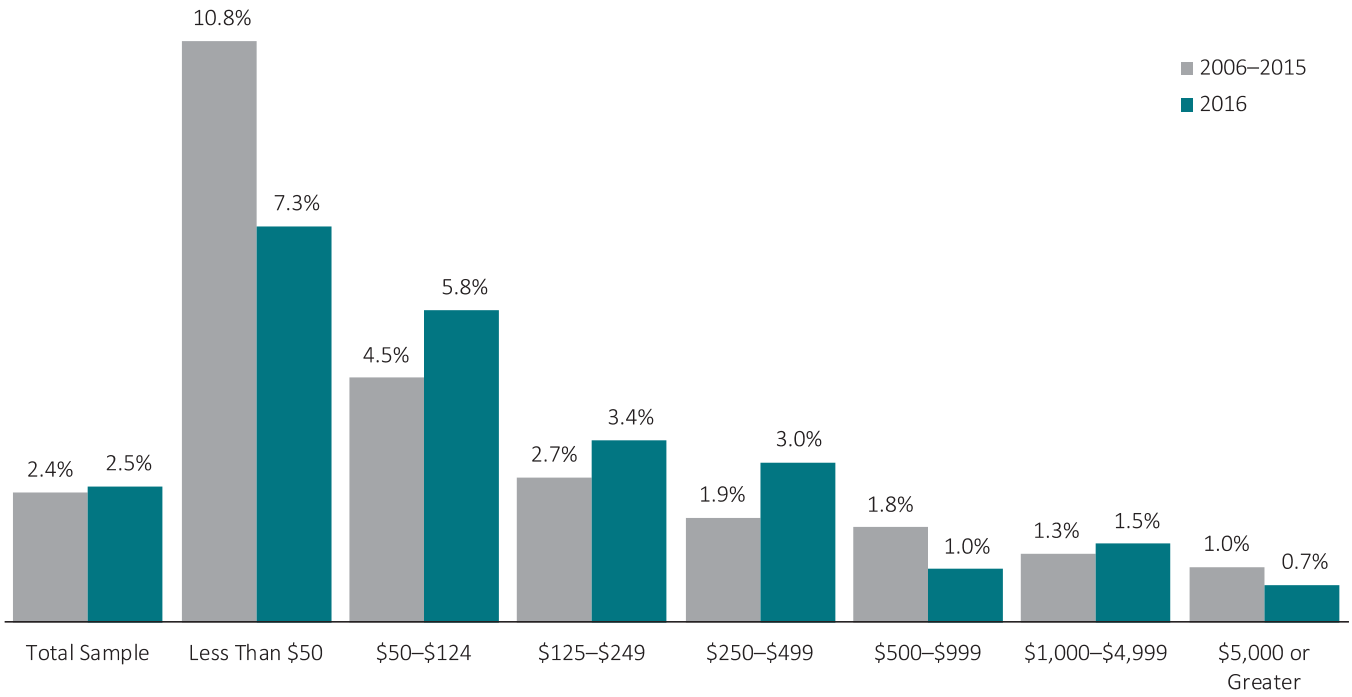
"Estimated Damages" *continued*

- Smaller cases settled for a lower percentage of "estimated damages" in 2016 relative to mid-range cases when compared to prior years.
- Median settlements as a percentage of "estimated damages" in 2016 increased 24 percent from the 2011–2015 median and were higher than any percentage in the last five years.

The rise in the 2016 median settlement as a proportion of "estimated damages" puts it in line with the median for the prior 10 years.

Figure 7: Median Settlements as a Percentage of "Estimated Damages" by Damages Ranges

(Dollars in Millions)



Damages Estimation Approaches

"Estimated Damages" vs. Tiered Damages

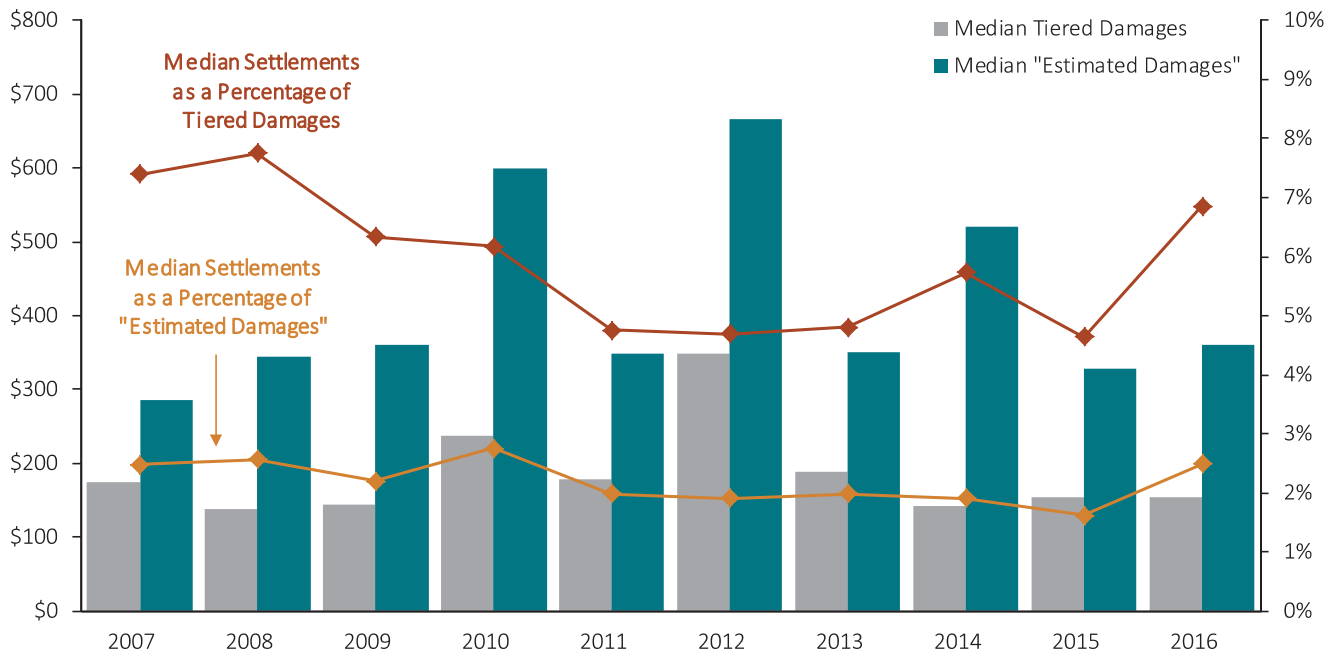
Tiered damages are an alternative damages measure based on the dollar value of stock price movements on dates detailed in the settlement plan of allocation. They provide an alternative measure of potential investor losses for more recent securities class action settlements.[3]

As a measure that is based on specific company stock price declines (either at the end or during the class period), rather than daily deviations from movements in an index, tiered damages are conceptually more closely aligned with the approach typically followed by plaintiffs in recent years to estimate damages. The methodology for tiered damages also accounts for the U.S. Supreme Court's 2005 landmark decision in *Dura* whereby damages cannot be associated with shares sold before information regarding the alleged fraud reaches the market.[4]

Tiered damages, like "estimated damages," are highly correlated with settlement amounts and are an important component in ongoing analyses of settlement outcome determinants.

Figure 8: Damages Estimation Approaches
2007–2016

(Dollars in Millions)



Note: Damages figures are adjusted for inflation based on class period end dates.

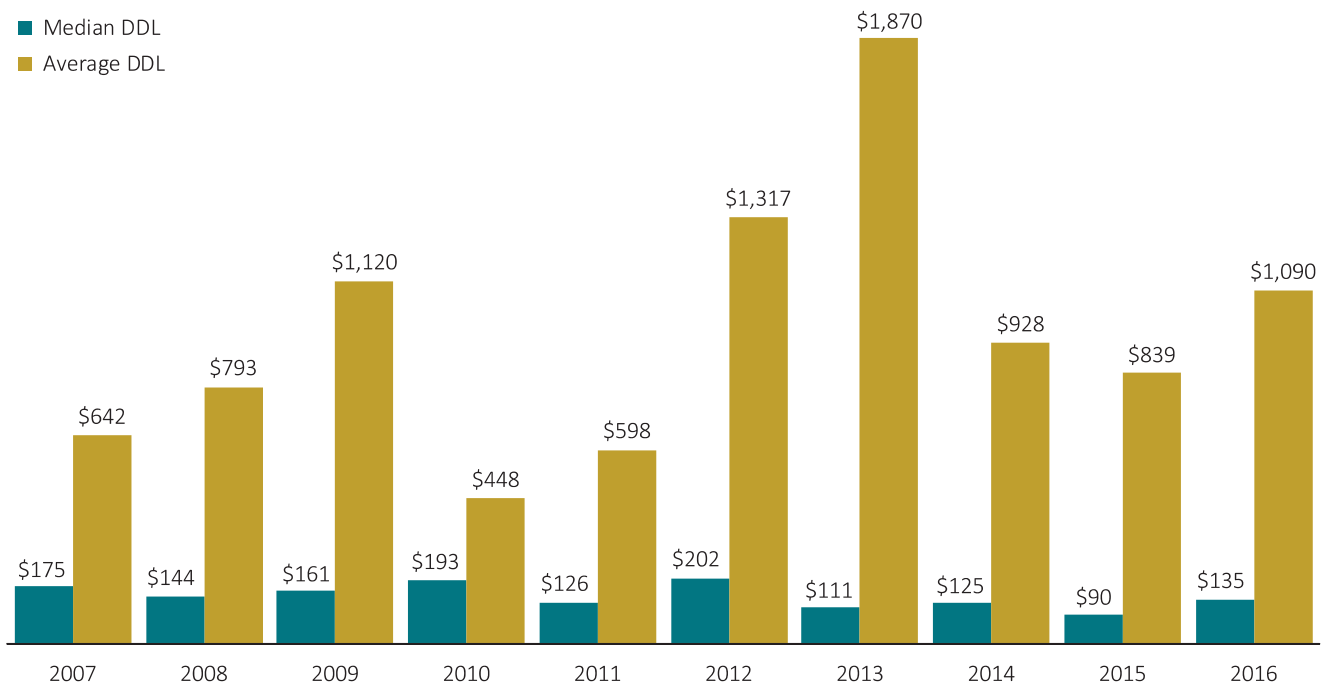
Disclosure Dollar Loss

Disclosure Dollar Loss (DDL) captures the stock price reaction to the class-ending disclosure that resulted in the first filed complaint. DDL is calculated as the decline in the market capitalization of the defendant firm from the trading day immediately preceding the end of the class period to the trading day immediately following the end of the class period and, as such, does not incorporate any estimate of the number of shares traded during the class period.[5]

Median DDL in 2016 was 50 percent more than 2015.

- With an increase in both the average and median DDL over 2015, the trend in DDL for cases settled in 2016 follows a pattern similar to that for "estimated damages."
- While the aggregate trends in DDL and "estimated damages" are often similar, for individual cases, the two measures typically differ substantially.
- Total DDL associated with settlements approved in 2016 was nearly $81 billion, 20 percent below the average from 2007 through 2015.

Figure 9: Median and Average Disclosure Dollar Loss
2007–2016
(Dollars in Millions)



Note: DDL is adjusted for inflation based on class period end dates.

Analysis of Settlement Characteristics

Nature of Claims

- In 2016, there were 10 settlements involving Section 11 and/or Section 12(a)(2) claims ('33 Act claims) that did not involve Rule 10b-5 allegations, the second most active year in the last decade.[6]
- Cases settling in 2016 involving combined claims (Rule 10b-5 and Section 11 and/or Section 12(a)(2) claims) had, on average, twice as many federal docket entries as cases involving just Rule 10b-5 claims—indicating the more complex nature of such matters.
- As reported in Cornerstone Research's *Securities Class Action Filings—2016 Year in Review*, the frequency of filings involving Section 11 claims in California state courts has increased in recent years.[7]
- Four of the five state court settlements in 2016 were for California state cases with '33 Act claims only.

Settlements as a percentage of "estimated damages" are considerably higher for cases with only Section 11 and/or Section 12(a)(2) claims because these cases typically have smaller "estimated damages" compared to other claim types.

Figure 10: Settlements by Nature of Claims
1996–2016

(Dollars in Millions)

	Number of Settlements	Median Settlement	Median "Estimated Damages"	Median Settlement as a Percentage of "Estimated Damages"
Section 11 and/or Section 12(a)(2) Only	97	$4.0	$55.6	7.4%
Both Rule 10b-5 and Section 11 and/or 12(a)(2)	281	$13.6	$537.2	3.0%
Rule 10b-5 Only	1,220	$8.1	$373.4	2.5%

Note: Settlement dollars and "estimated damages" are adjusted for inflation; 2016 dollar equivalent figures are used. "Estimated damages" are adjusted for inflation based on class period end dates.

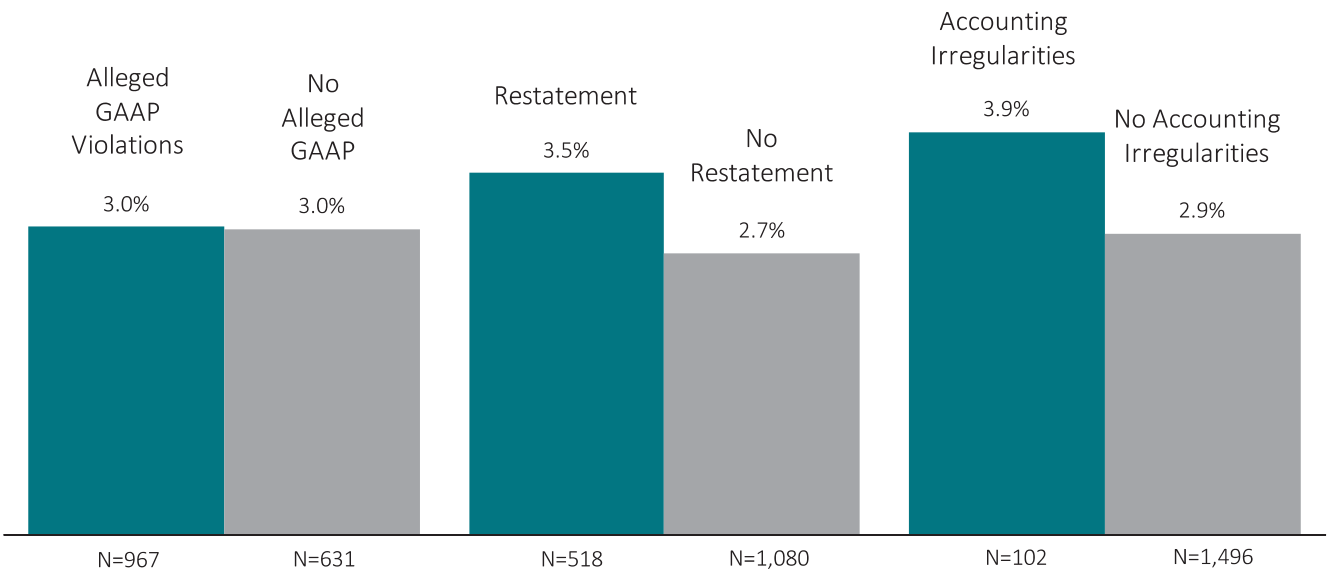
Accounting Allegations

This research examines three types of accounting issues among settled cases: (1) alleged GAAP violations, (2) restatements, and (3) reported accounting irregularities.[8] For further details regarding settlements of accounting cases, see Cornerstone Research's annual report on *Accounting Class Action Filings and Settlements*.

- Among all post–Reform Act settlements, alleged GAAP violations are included in approximately 60 percent of cases. In 2016, however, the frequency of GAAP violation allegations was 54 percent.
- Restatements were involved in more than 30 percent of cases settled in 2016. These cases were associated with higher settlements as a percentage of "estimated damages" compared to cases without restatements.
- In 2016, no settlements involved reported accounting irregularities, and there was only one such case among 2015 settlements. Historically, approximately 6 percent of cases involve accounting irregularities.

The percentage of cases alleging GAAP violations declined for a second straight year in 2016.

Figure 11: Median Settlements as a Percentage of "Estimated Damages" and Accounting Allegations
1996–2016

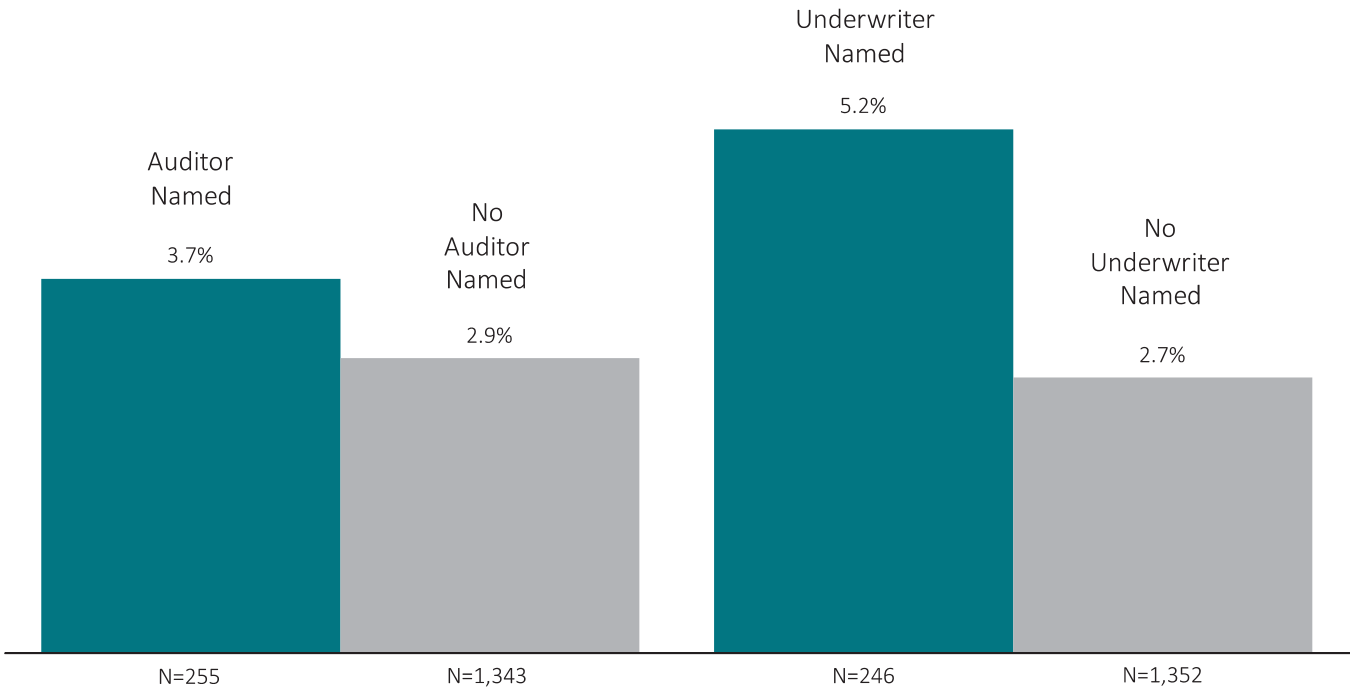


Third-Party Codefendants

- Third parties, such as an auditor or an underwriter, are often named as codefendants in larger, more complex cases.
- In 2016, however, the median settlement for cases with a third-party named defendant was 26 percent lower than for cases without a third-party named defendant.
- Only 17 percent of accounting-related case settlements in 2016 had a named auditor defendant.
- Underwriter defendants were named in 79 percent of cases with Section 11 claims in 2016.

On average, 27 percent of post–Reform Act settlements involved a named auditor or underwriter codefendant.

Figure 12: Median Settlements as a Percentage of "Estimated Damages" and Third-Party Codefendants
1996–2016



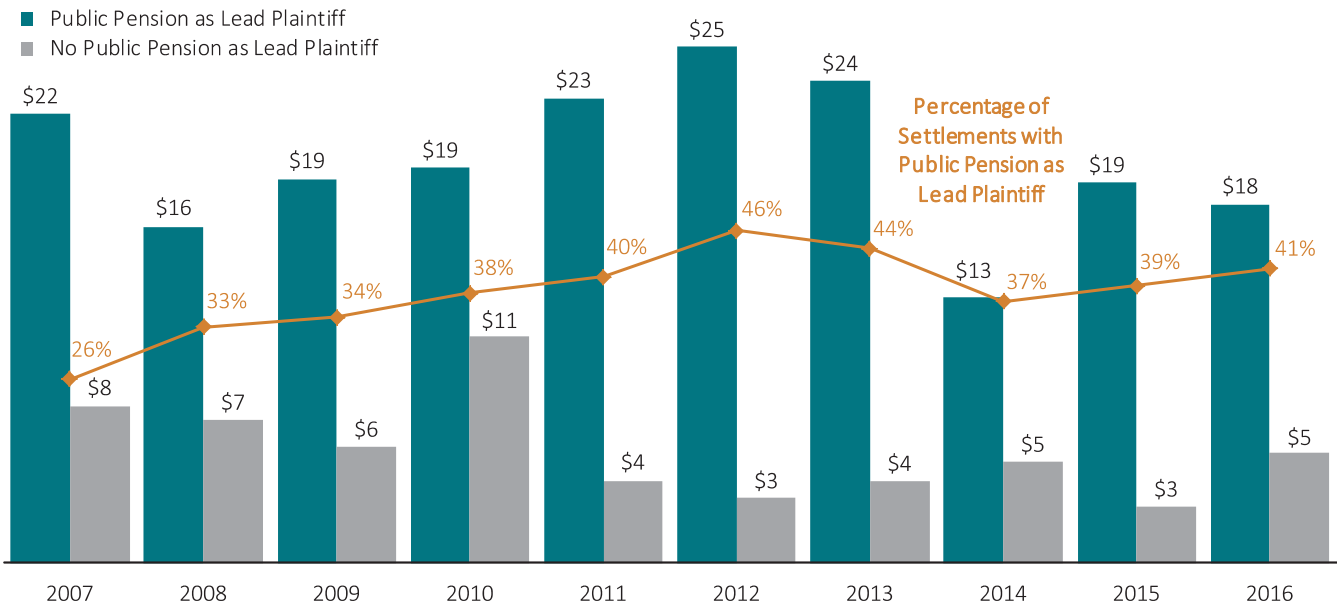
Institutional Investors

- In 2016, the median settlement amount for cases with institutional investor lead plaintiffs was more than two-and-a-half times that of cases with no institutional investor as a lead plaintiff, but settlements as a percentage of "estimated damages" were only slightly higher.
- Institutions, including public pension plans—a subset of institutional investors—tend to be involved as plaintiffs in larger cases (i.e., cases with higher "estimated damages").
- In 2016, 55 percent of settlements with "estimated damages" greater than $500 million involved a public pension plan as lead plaintiff, compared to 30 percent for cases with "estimated damages" of $500 million or less.
- Cases in which public pension plans serve as lead or co-lead plaintiff also tend to involve larger issuer defendants, longer class periods, securities in addition to common stock, accounting allegations, and other indicators of more serious cases such as criminal charges. These cases are also associated with longer periods to reach settlement.

Public pension involvement rose for the second consecutive year.

Figure 13: Median Settlement Amounts and Public Pensions
2007–2016

(Dollars in Millions)



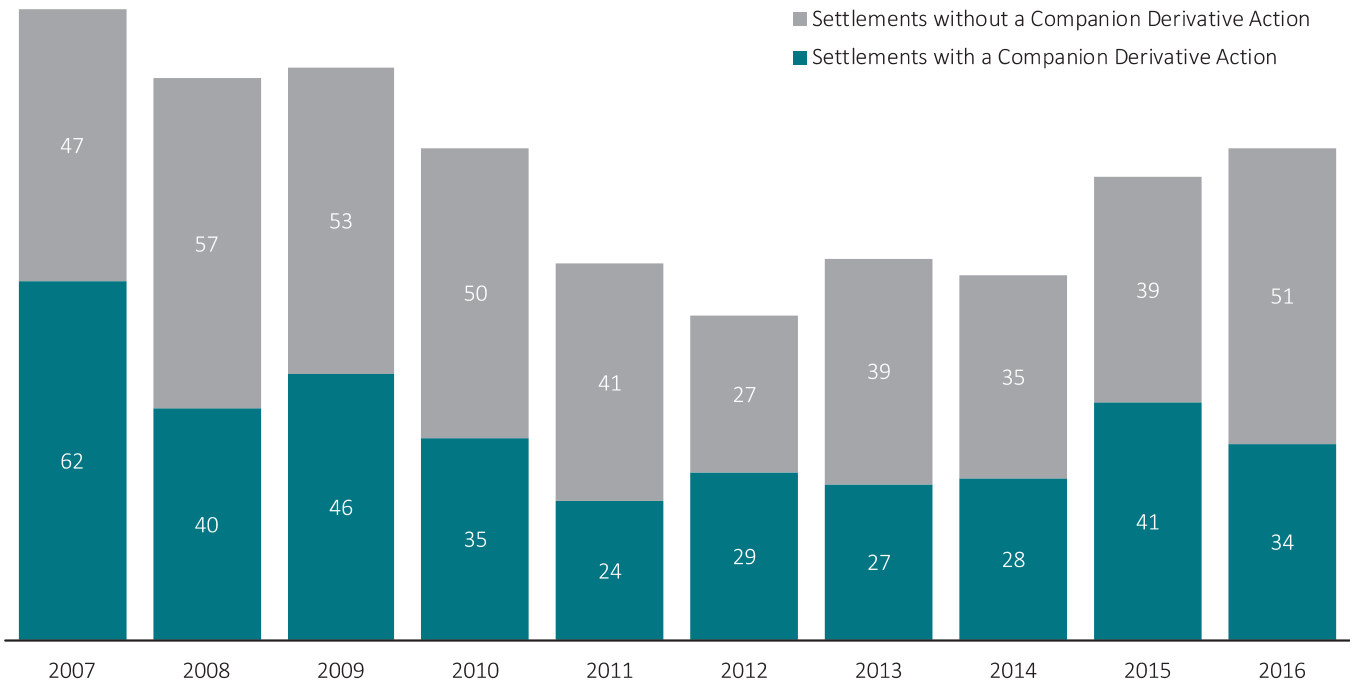
Note: Settlement dollars are adjusted for inflation; 2016 dollar equivalent figures are used.

Derivative Actions

- In 2016, 40 percent of settled cases were accompanied by derivative actions, compared to 34 percent for all prior post–Reform Act years.
- Historically, accompanying derivative actions have been associated with relatively large securities class actions.[9] In 2016, however, 38 percent of cases with "estimated damages" of $500 million or less involved a companion derivative action—just below the 42 percent of cases with "estimated damages" of more than $500 million.
- As a percentage of all derivative actions, the prevalence of companion derivative actions filed in California has increased annually from 14 percent in 2012 to 35 percent in 2016..

In 2016, the median settlement for a case with a companion derivative action was $12 million versus $8.5 million for those without.

Figure 14: Frequency of Derivative Actions
2007–2016



Corresponding SEC Actions

Cases with a corresponding SEC action related to the allegations (evidenced by the filing of a litigation release or administrative proceeding prior to settlement) are typically associated with significantly higher settlement amounts and have higher settlements as a percentage of "estimated damages."[10]

For related research on SEC enforcement activity, see t Securities Enforcement Empirical Database (SEED).[11]

- In 2016, however, the median settlement for cases with an SEC action ($8.4 million) differed only slightly from the median settlement for cases without a corresponding SEC action ($8.6 million).
- Across all post–Reform Act cases, for settlements of cases involving accompanying SEC actions, the issuer defendant's assets have averaged $65 billion, as compared to only $18 billion for settlements without accompanying SEC actions.
- While cases with accompanying SEC actions tend to involve larger issuer defendants, they are also more frequently associated with delisted firms. In addition, these cases often involve settlements prior to the first ruling on a motion to dismiss.

After doubling in 2015, the number of 2016 settlements with a corresponding SEC action returned to the lower levels observed for 2012–2014.

Figure 15: Frequency of SEC Actions
2007–2016

Time to Settlement and Case Complexity

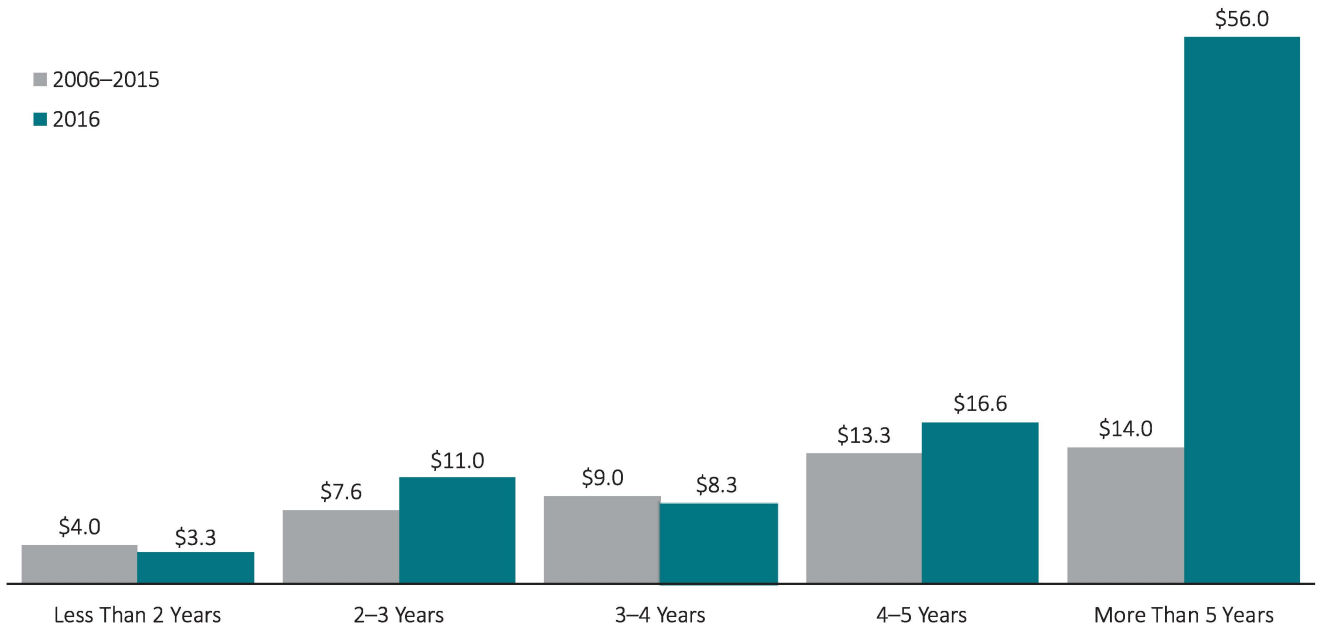
- The percentage of settlements in 2016 occurring within two years after the filing date was at its highest level in the last 10 years.
- The median number of docket entries for cases settling within two years in 2016 was 19 percent higher than the median for the prior 10 years, indicating a relatively high level of activity during the tenure of these cases.

In 2016, the median time from filing date to settlement was less than three years.

- In 2016, the median settlement for cases settling within two years was 70 percent lower than for cases taking longer to settle.
- The spike in the median settlement for 2016 cases settling after five years from filing is driven, in large part, by five mega settlements out of the 14 settlements in this category.
- Overall, the time to settlement tends to be longer for larger cases (as measured by issuer defendant size and "estimated damages"), cases involving third-party defendants, and cases with distressed issuer firms.

Figure 16: Median Settlement by Duration from Filing Date to Settlement Hearing Date

(Dollars in Millions)



Note: Settlement dollars are adjusted for inflation; 2016 dollar equivalent figures are used.

Litigation Stages

This report studies three stages in the litigation process that may be considered an indication of the strength of the merits of a case (e.g., surviving a motion to dismiss) and/or the time and effort invested by the lead plaintiff counsel:

Stage 1: Settlement before the first ruling on a motion to dismiss

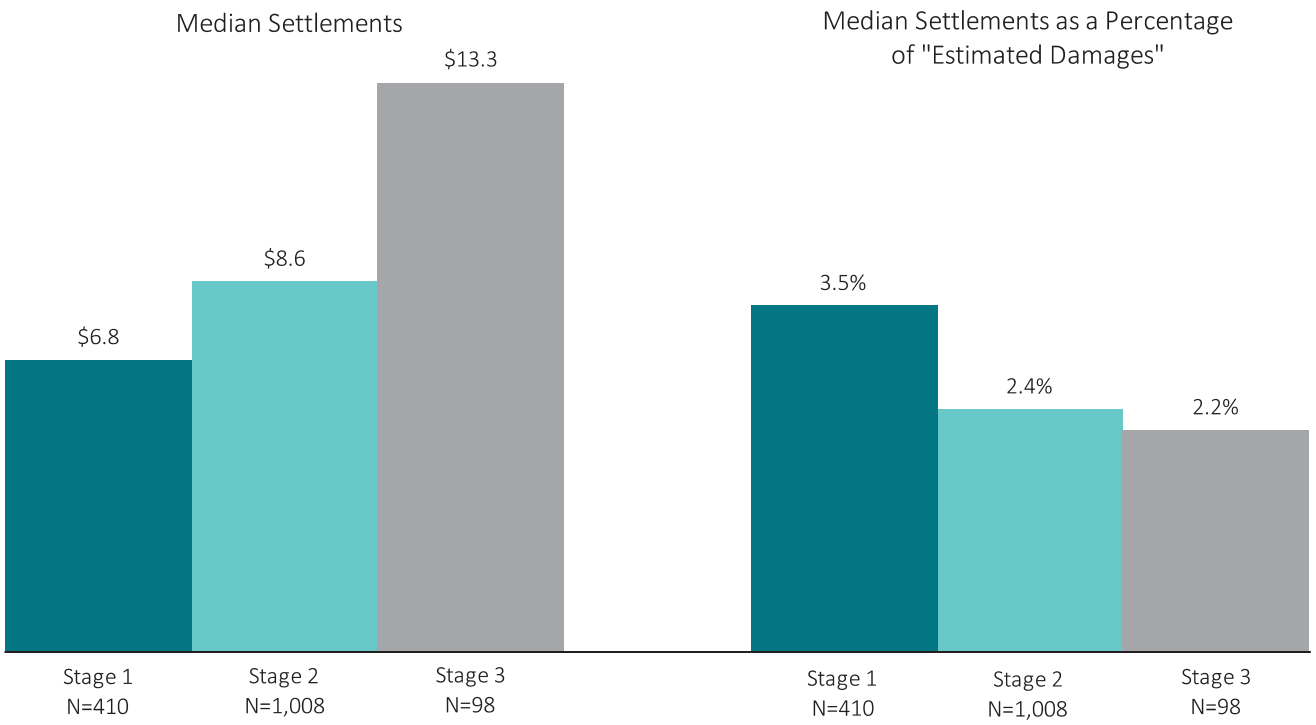
Stage 2: Settlement after a ruling on motion to dismiss, but before a ruling on motion for summary judgment

Stage 3: Settlement after a ruling on motion for summary judgment

- In 2016, 25 percent of settlements occurred in Stage 1, an increase from 18 percent for cases settled in 2015.
- Among all post–Reform Act settlements, cases settling in Stage 1 have the smallest median "estimated damages" and the smallest median assets whereas Stage 3 settlements have the highest medians.
- Public pensions are involved as lead plaintiffs in 17 percent of cases that settle in Stage 1 and in 30 percent of cases that settle in Stage 3.

Higher settlement amounts but lower settlements as a percentage of "estimated damages" are associated with cases settling after a ruling on motion for summary judgment.

Figure 17: Litigation Stages
2007–2016
(Dollars in Millions)



Note: Settlement dollars are adjusted for inflation; 2016 dollar equivalent figures are used.

Cornerstone Research's Settlement Prediction Analysis

This research applies regression analysis to examine which characteristics of securities cases were associated with settlement outcomes. The regression analysis is designed to better understand and predict the total settlement amount, given the characteristics of a particular securities case. This analysis can also be applied to estimate the probabilities associated with reaching alternative settlement levels as well as to explore hypothetical scenarios, including, but not limited to, the effects on settlement amounts given the presence or absence of particular factors found to significantly affect settlement outcomes.

- Settlements were higher when "estimated damages," DDL, defendant asset size, or the number of docket entries were larger.
- Settlements were also higher in cases involving intentional misstatements or omissions in the issuer's financial statements, financial restatements, a corresponding SEC action, a codefendant underwriter and/or auditor, an accompanying derivative action, a public pension involved as lead plaintiff, a noncash component to the settlement, filed criminal charges, or securities other than common stock alleged to be damaged.
- Settlements were lower if the settlement occurred in 2009 or later, if the issuer was distressed, or if the issuer traded on a non-major exchange.

Determinants of Settlement Outcomes

Based on the research sample of post–Reform Act cases that settled through December 2016, the factors that were important determinants of settlement amounts included the following:

- "Estimated damages"
- Disclosure Dollar Loss (DDL)
- Most recently reported total assets of the defendant firm
- Number of entries on the lead case docket
- The year in which the settlement occurred
- Whether the issuer reported intentional misstatements or omissions in financial statements
- Whether a restatement of financials related to the alleged class period was announced
- Whether there was a corresponding SEC action against the issuer, other defendants, or related parties
- Whether the plaintiffs named an auditor and/or underwriter as a codefendant
- Whether the issuer defendant was distressed
- Whether a companion derivative action was filed
- Whether a public pension was a lead plaintiff
- Whether noncash components, such as common stock or warrants, made up a portion of the settlement fund
- Whether the plaintiffs alleged that securities other than common stock were damaged
- Whether criminal charges/indictments were brought with similar allegations to the underlying class action
- Whether the issuer traded on a non-major exchange

Research Sample

- The database used in this report focuses on cases alleging fraudulent inflation in the price of a corporation's common stock (i.e., excluding cases with alleged classes of only bondholders, preferred stockholders, etc., and excluding cases alleging fraudulent depression in price and M&A cases).
- The sample is limited to cases alleging Rule 10b-5, Section 11, and/or Section 12(a)(2) claims brought by purchasers of a corporation's common stock. These criteria are imposed to ensure data availability and to provide a relatively homogeneous set of cases in terms of the nature of the allegations.
- The current sample includes 1,621 securities class actions filed after passage of the Reform Act (1995) and settled from 1996 through 2016. These settlements are identified based on a review of case activity collected by Securities Class Action Services LLC (SCAS).[12]
- The designated settlement year, for purposes of this report, corresponds to the year in which the hearing to approve the settlement was held.[13] Cases involving multiple settlements are reflected in the year of the most recent partial settlement, provided certain conditions are met.[14]

Data Sources

In addition to SCAS, data sources include Dow Jones Factiva, Bloomberg, the Center for Research in Security Prices (CRSP) at University of Chicago Booth School of Business, Standard & Poor's Compustat, court filings and dockets, SEC registrant filings, SEC litigation releases and administrative proceedings, LexisNexis, and public press.

Endnotes

1 *Securities Class Action Filings—2016 Year in Review*, Cornerstone Research, 2017.

2 The simplified "estimated damages" model is applied to common stock only. For all cases involving Rule 10b-5 claims, damages are calculated using a market-adjusted, backward-pegged value line. For cases involving only Section 11 and/or Section 12(a)(2) claims (1933 Act Claims), damages are calculated using a model that caps the purchase price at the offering price. Volume reduction assumptions are based on the exchange on which the issuer's common stock traded. Finally, no adjustments for institutions, insiders, or short sellers are made to the underlying float.

3 The dates used to identify the applicable inflation bands may be supplemented with information from the operative complaint at the time of settlement.

4 Tiered damages are calculated for cases that settled after 2005. The calculation of tiered damages utilizes a single value line when there is one alleged corrective disclosure date (at the end of the class period) or a tiered value line when there are multiple dates identified in the settlement notice.

5 This measure does not incorporate additional stock price declines during the alleged class period that may affect certain purchasers' potential damages claims. As this measure does not isolate movements in the defendant's stock price that are related to case allegations, it is not intended to represent an estimate of investor losses. The DDL calculation also does not apply a model of investors' share-trading behavior to estimate the number of shares damaged.

6 Intensified activity in the U.S. IPO market in recent years, in tandem with the increase in Section 11 filings (either alone or together with Rule 10b-5 claims), suggests that these cases are likely to be more prevalent in the near future. However, a slowdown in IPO activity reported in 2016 may eventually contribute to a reduction in '33 Act claim only cases.

7 See *Securities Class Action Filings—2016 Year in Review,* Cornerstone Research, 2017, page 4.

8 The three categories of accounting issues analyzed in this report are: (1) GAAP violations—cases with allegations involving Generally Accepted Accounting Principles (GAAP); (2) restatements—cases involving a restatement (or announcement of a restatement) of financial statements; and (3) accounting irregularities—cases in which the defendant has reported the occurrence of accounting irregularities (intentional misstatements or omissions) in its financial statements.

9 This is true whether or not the settlement of the derivative action coincides with the settlement of the underlying class action, or occurs at a different time.

10 It could be that the merits in such cases are stronger, or simply that the presence of an accompanying SEC action provides plaintiffs with increased leverage when negotiating a settlement.

11 The Securities Enforcement Empirical Database (SEED) tracks and records information for SEC enforcement actions filed against public companies traded on major U.S. exchanges and their subsidiaries. Created by the NYU Pollack Center for Law & Business in cooperation with Cornerstone Research, SEED facilitates the analysis and reporting of SEC enforcement actions through regular updates of new filings and settlement information for ongoing enforcement actions.

12 Available on a subscription basis.

13 Movements of partial settlements between years can cause differences in amounts reported for prior years from those presented in earlier reports.

14 This categorization is based on the timing of the settlement approval. If a new partial settlement equals or exceeds 50 percent of the then-current settlement fund amount, the entirety of the settlement amount is re-categorized to reflect the settlement hearing date of the most recent partial settlement. If a subsequent partial settlement is less than 50 percent of the then-current total, the partial settlement is added to the total settlement amount and the settlement hearing date is left unchanged.

Appendices

Appendix 1: Settlement Percentiles

(Dollars in Millions)

	Average	10th	25th	Median	75th	90th
2016	$70.5	$1.9	$4.2	$8.6	$33.0	$146.0
2015	$38.4	$1.3	$2.1	$6.1	$15.5	$92.1
2014	$18.5	$1.7	$2.9	$6.1	$13.4	$50.7
2013	$74.5	$2.0	$3.1	$6.7	$22.8	$85.0
2012	$64.0	$1.3	$2.8	$9.8	$37.1	$120.2
2011	$22.4	$2.0	$2.7	$6.1	$19.2	$44.6
2010	$39.2	$2.2	$4.7	$12.4	$27.5	$87.6
2009	$42.0	$2.6	$4.3	$9.0	$22.4	$74.3
2008	$31.8	$2.2	$4.2	$8.9	$21.2	$56.2
2007	$76.9	$1.7	$3.4	$10.4	$20.3	$92.4
1996–2016	$43.7	$1.7	$3.5	$8.3	$20.9	$74.0

Note: Settlement dollars are adjusted for inflation; 2016 dollar equivalent figures are used.

Appendix 2: Select Industry Sectors 1996–2016

(Dollars in Millions)

Industry	Number of Settlements	Median Settlement	Median "Estimated Damages"	Median Settlement as a Percentage of "Estimated Damages"
Technology	361	$7.8	$324.9	2.8%
Financial	195	$14.5	$812.8	2.5%
Telecommunications	151	$9.1	$501.8	2.2%
Retail	131	$7.1	$246.7	3.8%
Pharmaceuticals	125	$8.3	$387.6	2.4%
Healthcare	64	$8.6	$296.1	3.3%

Note: Settlement dollars and "estimated damages" are adjusted for inflation; 2016 dollar equivalent figures are used. "Estimated damages" are adjusted for inflation based on class period end dates.

Appendix 3: Settlements by Federal Circuit Court
2007–2016

(Dollars in Millions)

Circuit	Number of Settlements	Median Number of Docket Entries	Median Settlement	Median Settlement as a Percentage of "Estimated Damages"
First	34	143	$7.0	2.6%
Second	204	117	$11.9	2.1%
Third	76	113	$9.0	2.2%
Fourth	33	137	$8.3	1.8%
Fifth	44	104	$6.6	2.0%
Sixth	38	140	$19.8	3.1%
Seventh	44	146	$10.2	2.7%
Eighth	20	195	$10.7	3.3%
Ninth	206	164	$7.9	2.2%
Tenth	23	153	$8.4	1.6%
Eleventh	53	134	$5.2	2.2%
DC	3	267	$48.1	5.0%

Note: Settlement dollars and "estimated damages" are adjusted for inflation; 2016 dollar equivalent figures are used. "Estimated damages" are adjusted for inflation based on class period end dates.

About the Authors

Laarni T. Bulan
Ph.D., Columbia University; M.Phil., Columbia University; B.S., University of the Philippines

Laarni Bulan is a principal in Cornerstone Research's Boston office, where she specializes in finance. Her work has focused on securities damages and class certification issues, insider trading, merger valuation, risk management, market manipulation and trading behavior, and real estate markets. She has consulted on cases related to financial institutions and the credit crisis, municipal bond mutual funds, asset-backed commercial paper conduits, credit default swaps, foreign exchange, and securities clearing and settlement. Dr. Bulan has published several academic articles in peer-reviewed journals. Her research covers topics in dividend policy, capital structure, executive compensation, corporate governance, and real options. Prior to joining Cornerstone Research, Dr. Bulan had a joint appointment at Brandeis University as an assistant professor of finance in its International Business School and in the economics department.

Ellen M. Ryan
M.B.A., American Graduate School of International Management; B.A., Saint Mary's College

Ellen Ryan is a director in Cornerstone Research's Boston office, where she works in the securities practice. Ms. Ryan has consulted on economic and financial issues in a variety of cases, including securities class actions, financial institution breach of contract matters, and antitrust litigation. She also has worked with testifying witnesses in corporate governance and breach of fiduciary duty matters. Prior to joining Cornerstone Research, Ms. Ryan worked for Salomon Brothers in New York and Tokyo. Currently she focuses on post–Reform Act settlement research as well as general practice area business and research.

Laura E. Simmons
Ph.D., University of North Carolina at Chapel Hill; M.B.A., University of Houston; B.B.A., University of Texas at Austin

Laura Simmons is a senior advisor with Cornerstone Research. She is a certified public accountant (CPA) and has more than 25 years of experience in accounting practice and economic and financial consulting. Dr. Simmons has focused on damages and liability issues in litigation, as well as on accounting issues arising in a variety of complex commercial litigation matters. She has served as a testifying expert in cases involving accounting analyses, securities case damages, research on securities lawsuits, and other issues involving empirical analyses.

Dr. Simmons's research on pre– and post–Reform Act securities litigation settlements has been published in a number of reports and is frequently cited in the public press and legal journals. She has spoken at various conferences and appeared as a guest on CNBC addressing the topic of securities case settlements. She has also published in academic journals, with recent research focusing on the intersection of accounting and litigation. Dr. Simmons was previously an accounting faculty member at the Mason School of Business at the College of William & Mary. From 1986 to 1991, she was an accountant with Price Waterhouse.

The authors acknowledge the research efforts and significant contributions of their colleagues at Cornerstone Research. Please direct any questions and requests for additional information to the settlement database administrator at settlement.database@cornerstone.com.

Boston
617.927.3000

Chicago
312.345.7300

London
+44.20.3655.0900

Los Angeles
213.553.2500

New York
212.605.5000

San Francisco
415.229.8100

Silicon Valley
650.853.1660

Washington
202.912.8900

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Exhibit 9

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January 2017

Recent Trends in Securities Class Action Litigation: 2016 Full-Year Review

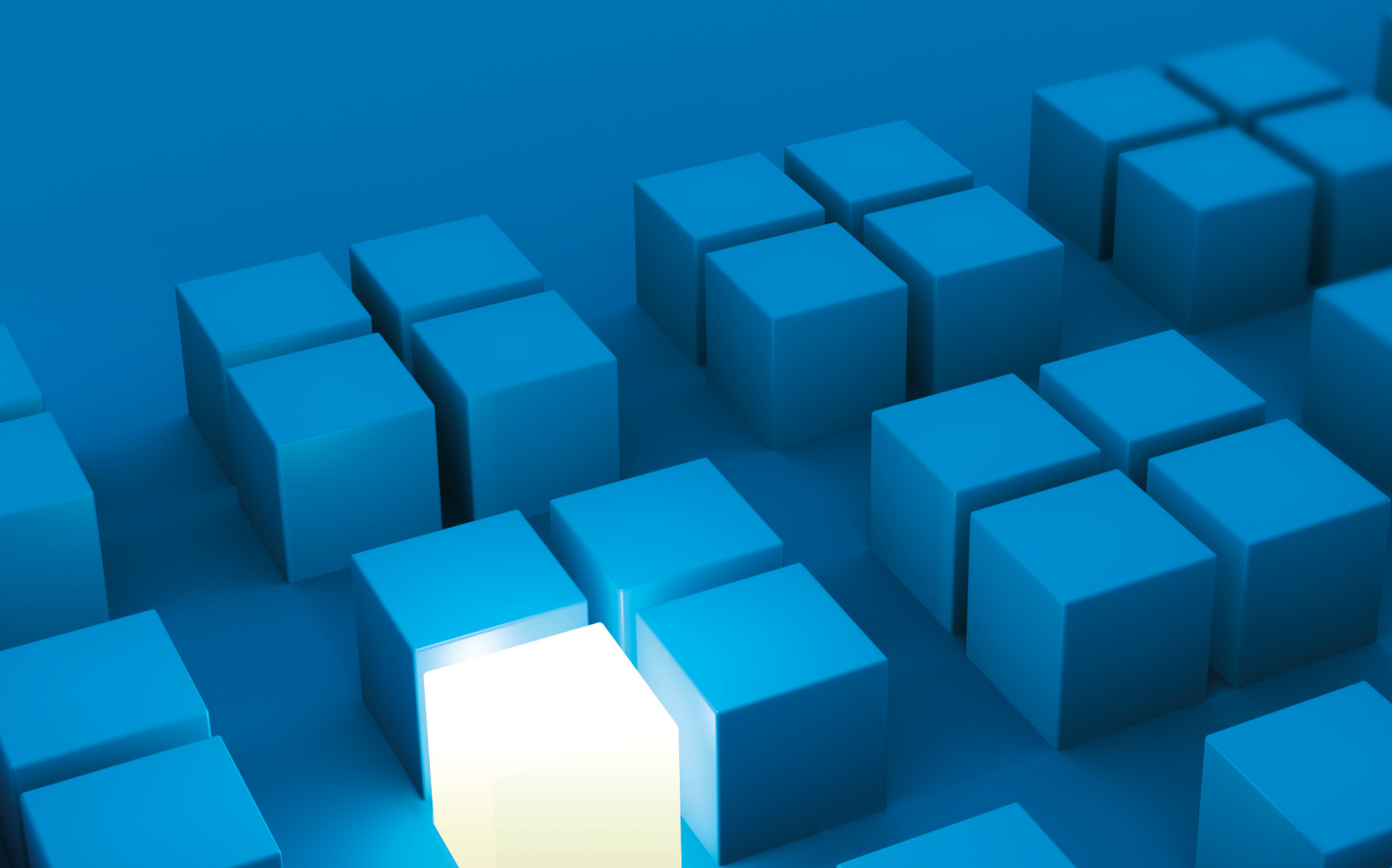
Record Number of Cases Filed, Led By Growth in Merger Objections
Highest Number of Dismissals in the Shortest Amount of Time

By Stefan Boettrich and Svetlana Starykh

Insight in Economics™

"I am excited to share NERA's *Recent Trends in Securities Class Action Litigation: 2016 Full-Year Review* with you. This year's edition continues work from past years by members of NERA's Securities and Finance Practice. In the 2016 edition, we document a sharp increase in filings, led by a doubling of merger-objection filings. While a discussion of that change features prominently in this edition, there are also interesting developments in filings against foreign-domiciled firms and in the magnitude of NERA-defined Investor Losses involved in cases filed in 2016. While space limitations prevent us from showing all of the analyses that the authors have undertaken to create this new edition of our series, we hope that you will contact us if you want to learn more or just want to discuss our findings and analyses. On behalf of NERA's Securities and Finance Practice, I thank you for taking the time to review our work and hope that you will find it informative."

Dr. David Tabak, Managing Director



Recent Trends in Securities Class Action Litigation: 2016 Full-Year Review

Record Number of Cases Filed, Led By Growth in Merger Objections
Highest Number of Dismissals in the Shortest Amount of Time

By Stefan Boettrich and Svetlana Starykh[1]

23 January 2017

Introduction and Summary[2]

The pace of securities class action filings was the highest since the aftermath of the 2000 dot-com crash. Growth in filings was dominated by federal merger objections, which reached a record high, and followed various state court decisions restricting "disclosure-only" settlements, the most prominent being the 2016 *Trulia* decision in the Delaware Court of Chancery. Filings alleging violations of Rule 10b-5, Section 11, or Section 12 grew for a record fourth straight year and reached levels not seen since 2008.

NERA-defined Investor Losses, a proxy for filed case size, reached a record $468 billion in 2016, 44% of which arose from securities cases claiming damages due to regulatory violations. Of those, several large securities cases stemmed from a US Department of Justice (DOJ) probe into alleged price collusion in generic pharmaceuticals. Those cases contributed to a high concentration of filings in the Health Technology and Services sector.

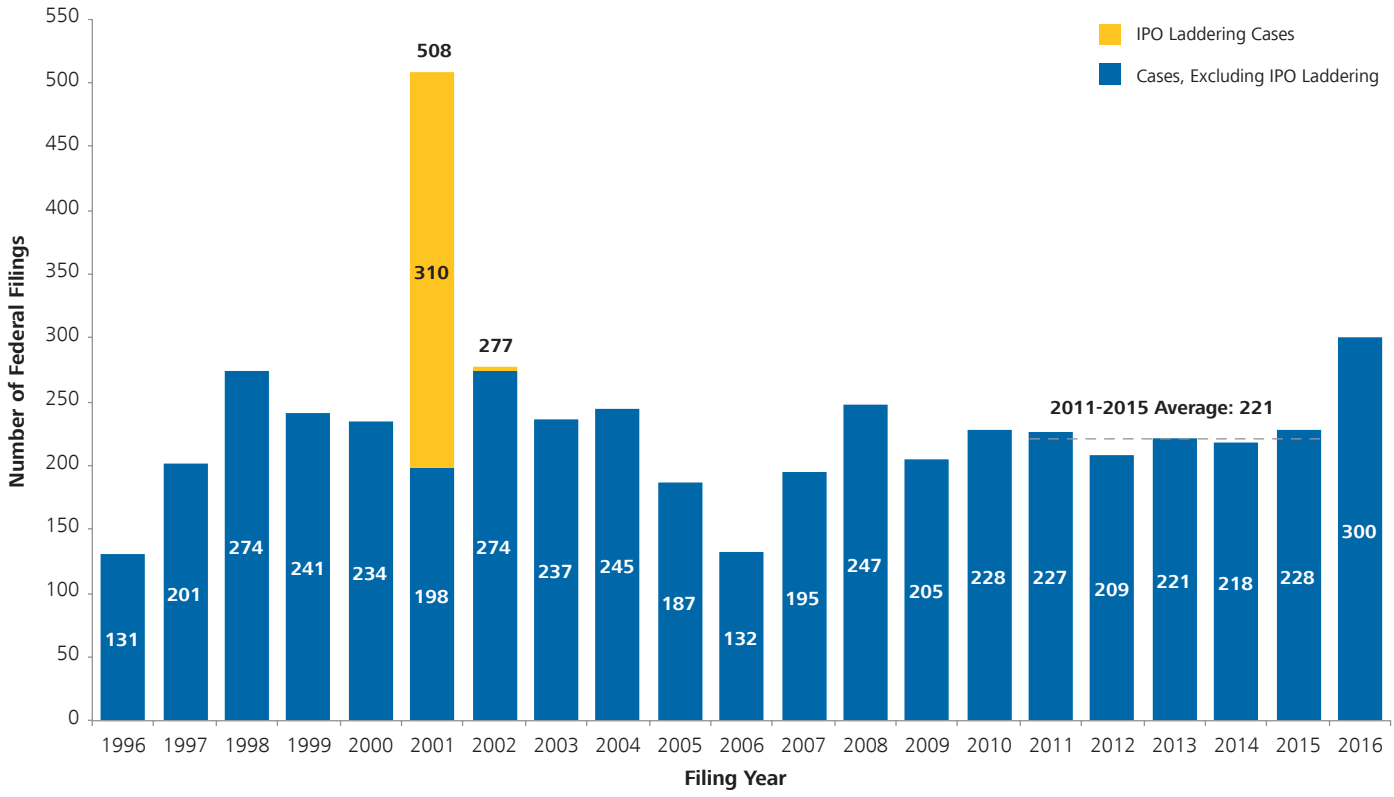
In 2016, a total of 262 securities class actions were resolved, but for the first time since passage of the Private Securities Litigation Reform Act (PSLRA), more cases were dismissed than settled. This is due to a record number of dismissals, at an especially fast pace post-filing, coupled with a settlement rate that remains close to an all-time low. The average settlement amount grew 36% in 2016, marking the second consecutive year of strong growth, partially driven by settlements in two longstanding large cases: *Household International* and *Merck*.

Trends in Filings

Number of Cases Filed

In 2016, 300 securities class actions were filed in federal courts, the highest of any year since the aftermath of the 2000 dot-com crash (see Figure 1). The number of filings in 2016 was 32% higher than in 2015 and 36% higher than the average rate over the prior five years, marking a departure from the remarkably stable rate of filings from 2010 to 2015, following the financial crisis. The level of 2016 filings was also well above the post-PSLRA average of approximately 217 cases per year, excluding IPO laddering cases.

Figure 1. **Federal Filings**
January 1996–December 2016



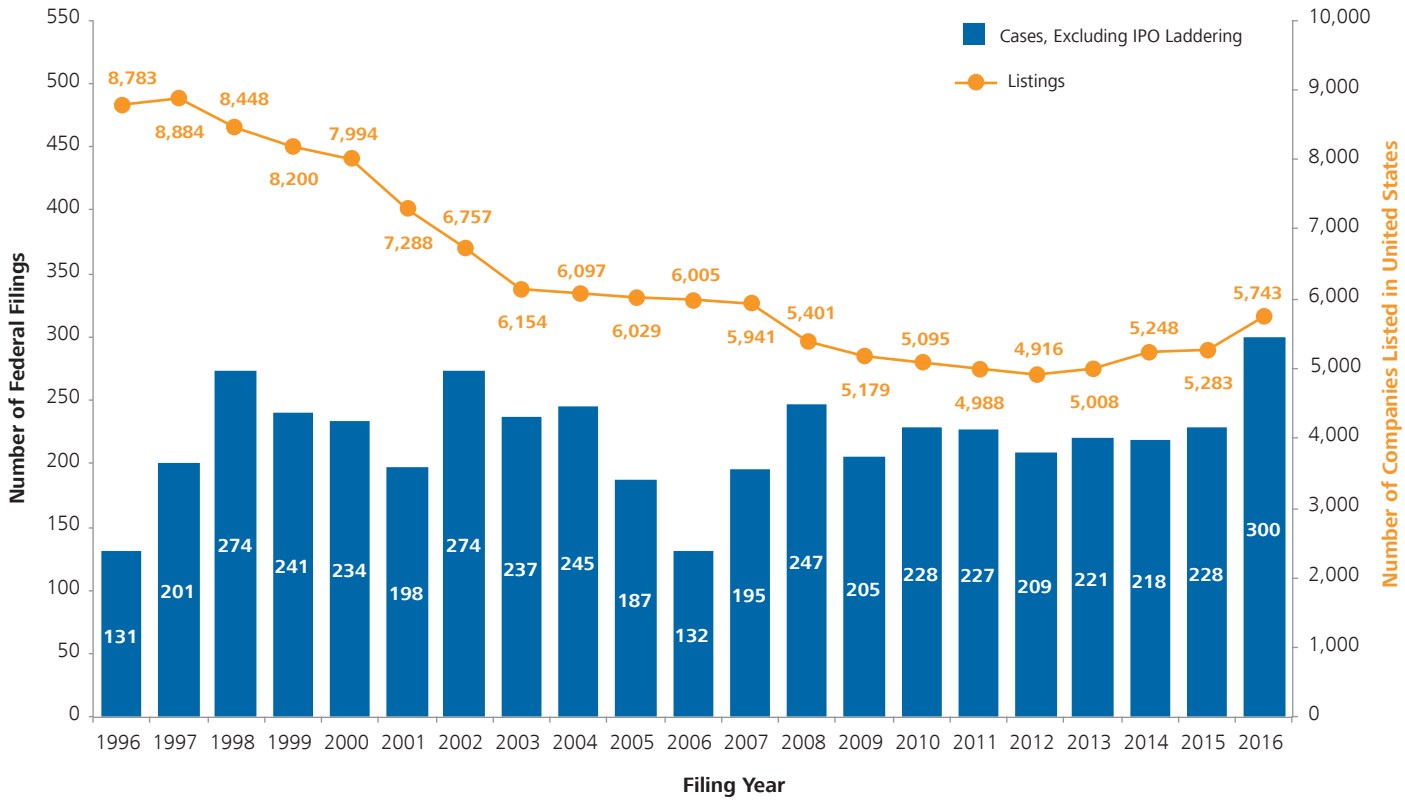
As of November 2016, 5,743 companies were listed on the major US securities exchanges, including the NYSE and Nasdaq (see Figure 2). The 300 federal securities class action suits filed in 2016 involved approximately 5.2% of publicly traded companies.

While the number and composition of securities class actions have fluctuated historically, the number of listed companies at risk of such actions has dropped considerably. Over the past 20 years, the number of publicly listed companies in the US has steadily declined by more than a third, or by about 3,000 listings. Recent research attributed this decline to fewer new listings and an increase in delistings, mostly through mergers and acquisitions, while ruling out the regulatory reforms of the early 2000s as the explanation.[3]

Despite the large drop in the number of listed companies, the average number of filings of securities class actions over the preceding five years, about 221 per year, is higher than the average number of filings over the first five years after the PSLRA went into effect, about 216 per year. The long-term trend in the number of listed companies coupled with the number of class actions filed imply that the average probability of being sued has increased from 3.2% for the 2000-2002 period to 5.2% in 2016.

The average probability of a firm being targeted by what is often regarded as a "standard" securities class action—one that alleges violations of Rule 10b-5, Section 11, and/or Section 12—was only 3.4% in 2016 and only slightly higher than the average probability of 3.0% between 2000 and 2002.

Figure 2. **Federal Filings and Number of Companies Listed in the United States**
January 1996–December 2016



Note: The source for number of companies listed in US is Meridian Securities Markets; 1996-2015 values are year-end; 2016 value is as of November 2016.

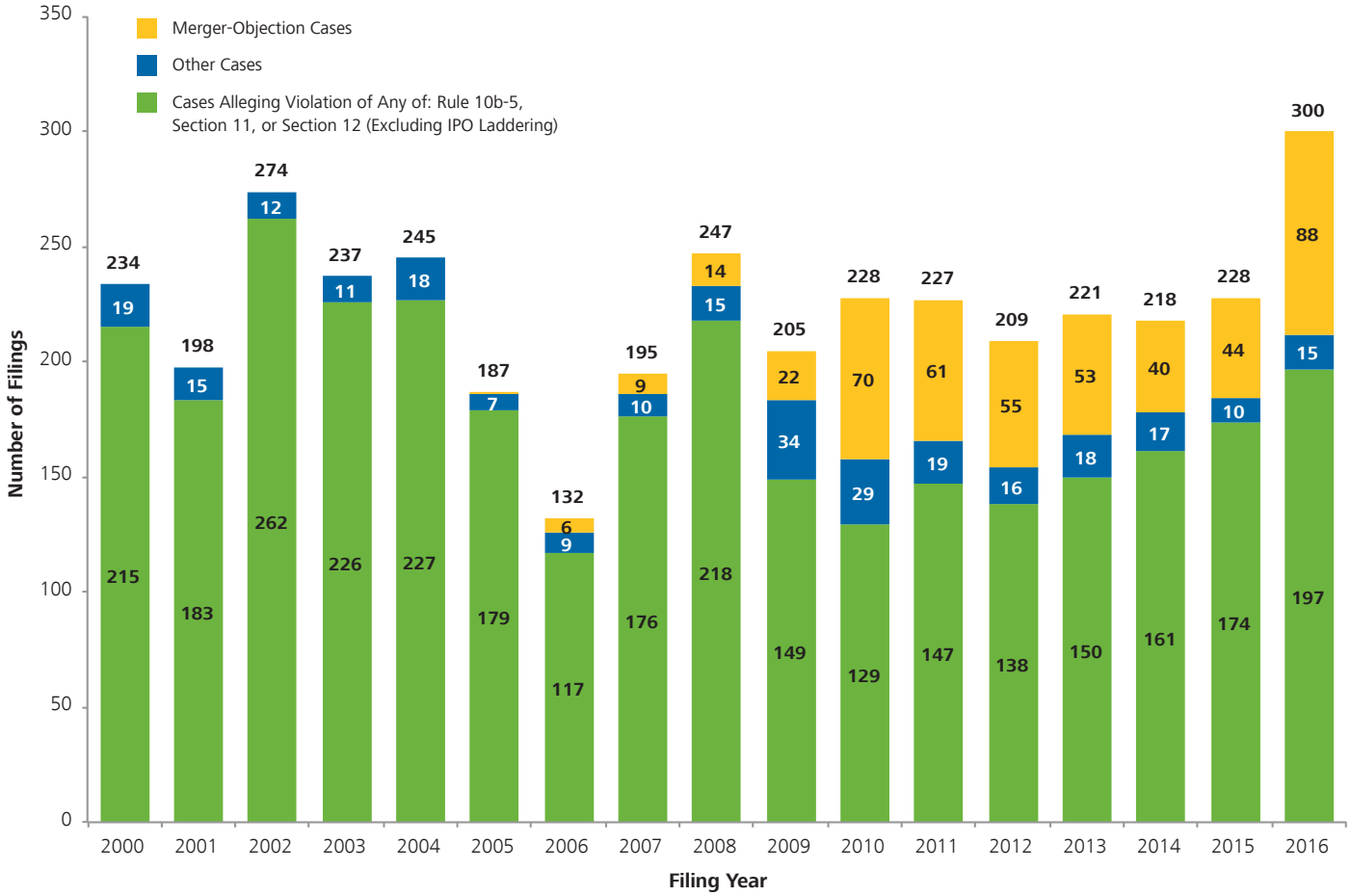
Filings by Type

Overall, the considerable growth in filings in 2016 was driven by dramatic growth in federal merger-objection cases, which typically allege a breach of fiduciary duty by directors and officers, and also driven by steady growth in standard securities class actions (see Figure 3). Despite fluctuating near record lows during the 2010-2012 period, the number of standard case filings has increased moderately in each of the previous four years, the longest expansion on record. In 2016, 197 standard cases were filed.

While standard filings still dominate federal dockets, the record number of filings this year was largely attributable to new merger-objection cases, which numbered 88. The jump likely stemmed from federal merger-objection suits that would have been filed in other jurisdictions but for various state-level decisions limiting "disclosure-only" settlements, with the most prominent being the 22 January 2016 *Trulia* decision in the Delaware Court of Chancery.[4] Mergers and acquisitions (M&A) activity does not appear to be the primary driver of federal merger-objection case counts because the number of federal merger-objection filings generally fell between 2010 and 2015, despite increased M&A activity over this period. In 2016, notwithstanding a 13% year-over-year drop in M&A deals targeting US companies, merger-objection suits doubled from 2015 levels.[5]

Rounding out the total counts of federal filings in 2016 were a variety of other cases alleging breach of fiduciary duty, management self-dealing, and violation of security-holder contractual rights, among other improper actions.

Figure 3. **Federal Filings by Type**
January 2000–December 2016



Notes: Before 2005, merger objections (if any) were not disaggregated. This figure omits IPO laddering cases.

Merger-Objection Filings

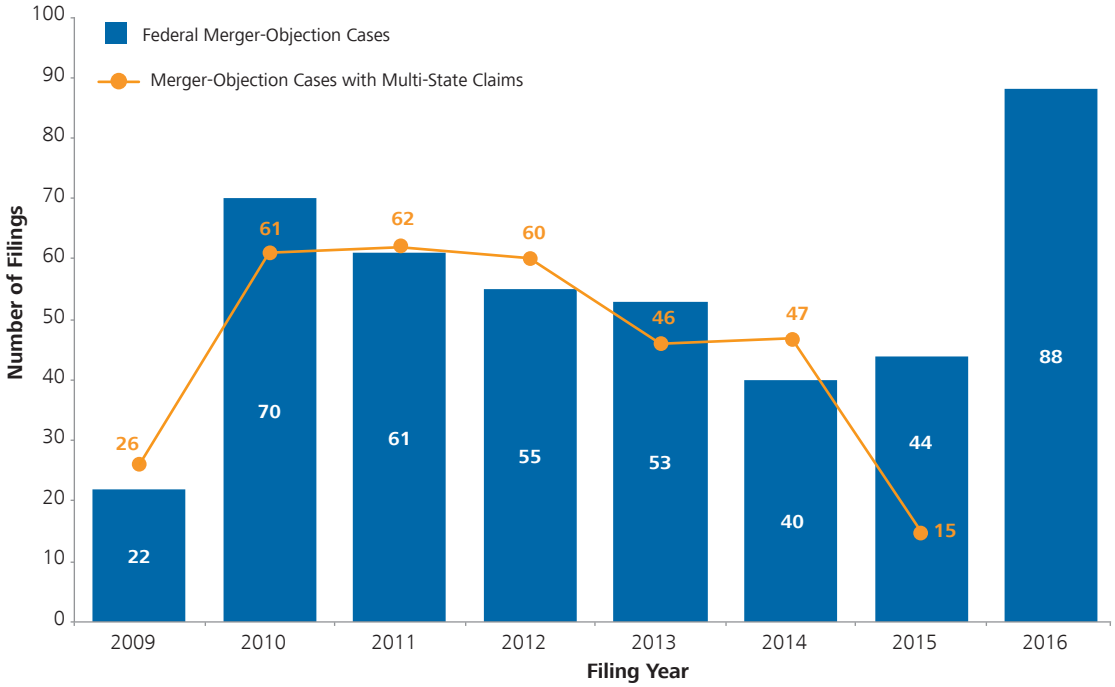
In 2016, federal merger-objection filings grew at the fastest rate since 2010, although recent growth was more likely due to court decisions than due to increased M&A activity (see Figure 4). The 2010 spike in federal merger-objection cases coincided with a doubling of M&A deals and growth in the rate of merger objections, contrasting with a 2016 slowdown in dealmaking.[6]

Historically, state courts, rather than federal courts, have been the primary jurisdiction of merger-objection cases.[7] Between 2010 and 2015, the slowdown in federal merger-objection filings largely mirrored the slowdown in multi-state merger-objection filings (those filed in multiple state courts), which researchers have indicated may be due to the increased use and effectiveness of forum selection corporate bylaws that limit the ability of plaintiffs to file claims outside of stipulated jurisdictions.[8]

The increased adoption of forum selection bylaws coincided with various state court decisions in 2015 and 2016, particularly those against "disclosure-only" settlements, the most prominent being the 22 January 2016 *Trulia* decision in the Delaware Court of Chancery.[9] Delaware attracted about half of eligible merger-objection cases prior to the *Trulia* decision, and researchers have suggested that, as a result of the decision, there may be a trend toward litigating merger objections in courts outside of Delaware.[10] While the full extent of such a shift remains to be seen, early signs of a contemporaneous slowdown in merger-objection filings in Delaware and a spike in federal merger-objection filings support such a conjecture.[11]

Whether any apparent shift in merger-objection suits out of Delaware continues will likely depend on the extent to which other jurisdictions adopt the Delaware Court of Chancery's lead on disclosure-only settlement disapproval, as well as on the rate of corporate adoption of forum selection bylaws.[12] In 2015, multiple opinions in New York Superior Court rejected disclosure-only settlements, and in 2016, the Seventh Circuit also ruled against a disclosure-only settlement in the case, *In re: Walgreen Co. Stockholder Litigation*.[13]

Figure 4. **Federal Merger-Objection Cases and Merger-Objection Cases with Multi-State Claims**
January 2009–December 2016



Note: Counts of merger-objection cases with multi-state claims are calculated based on data obtained from M. D. Cain and S. D. Solomon, "Takeover Litigation in 2015," Berkeley Center for Law Business and the Economy, 14 January 2016.

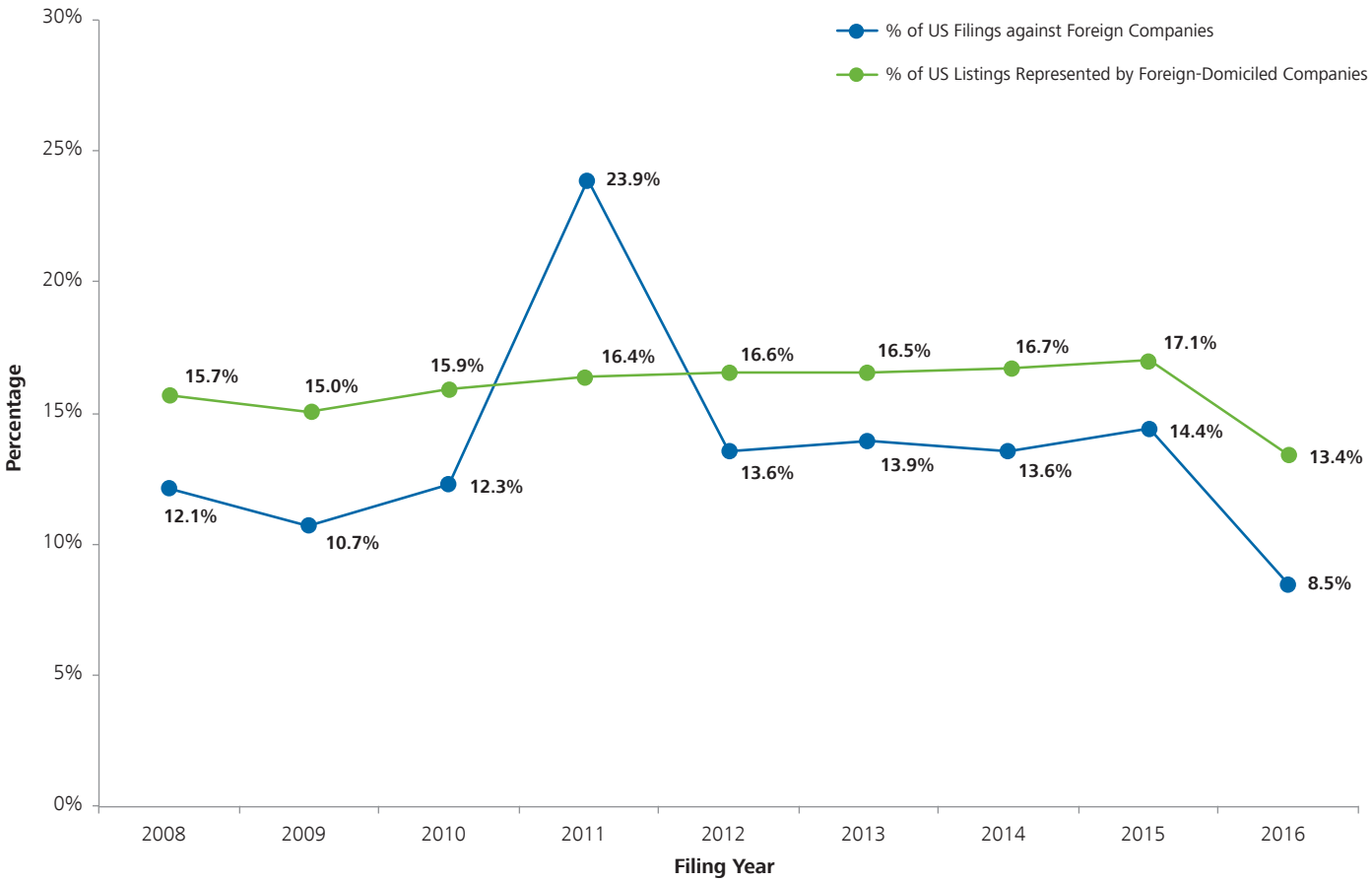
Filings by Issuers' Country of Domicile

In 2011, mostly due to a surge in filings against companies domiciled (or with principal offices) in China, a record 23.9% of cases were filed against foreign issuers (see Figure 5). That year marked the only recent period in which foreign domiciled companies were disproportionally targeted by securities class actions; in other years, the proportion of class actions against foreign-domiciled companies was less than the proportion of foreign listings.

While the proportion of filings against foreign issuers remained above historic levels for a few years following the wave of Chinese cases, the foreign issuer filing rate in 2016 dropped well below levels seen since at least before 2008. This is partially explained by a decline in the percent of overall US listings represented by foreign-domiciled companies. The decline also coincides with a 50% increase in the proportion of filings involving merger-objection claims, which less frequently target non-US companies.[14]

The drop in filings against Chinese-domiciled companies in 2016 was especially pronounced, with the fewest filings against such companies since 2009. This may be due to a record number of Chinese companies delisting in the United States and relisting their shares in Chinese markets, "hoping to benefit from higher valuations" there.[15] In addition to reducing the overall count of listed Chinese companies in the United States, the relisting mechanism is more likely to be taken advantage of by firms with relatively weaker accounting or disclosure practices.

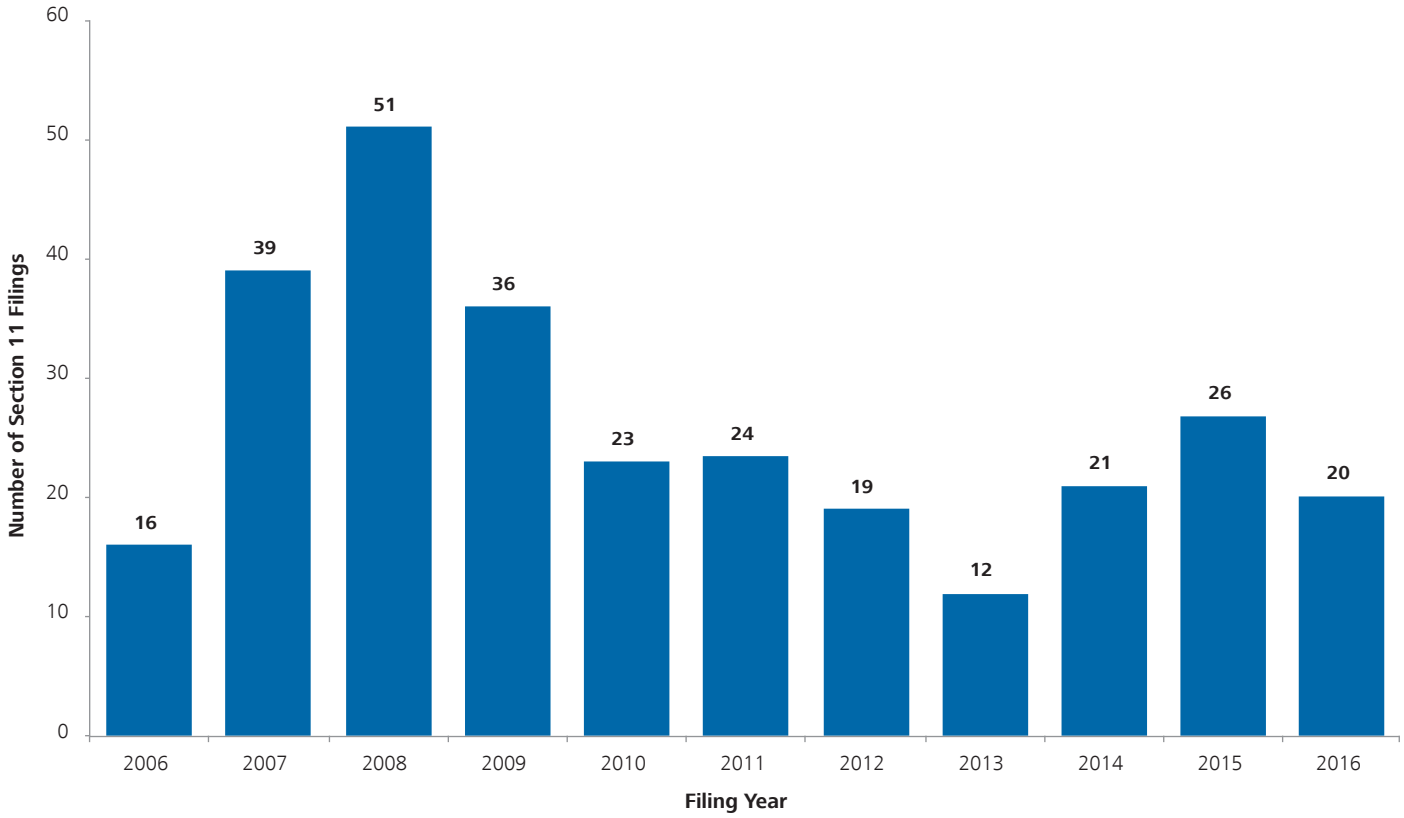
Figure 5. **Foreign-Domiciled Companies: Share of Filings and Share of All Companies Listed in United States**
January 2008–December 2016



Section 11 Filings

In 2016, there were 20 filings alleging violations of Section 11, which is approximately equal to the average rate since 2010 though 23% lower than the rate of such filings in 2015 (see Figure 6). Section 11 filings more than doubled between 2013 and 2015, largely mirroring growth in initial public offerings (IPOs) in prior years. Following what the *Financial Times* cited as a "bumper IPO year" in 2014, offerings slowed by almost 40% in 2015, which, in turn, was followed by a slowdown in Section 11 filings in 2016.[16] Section 11 filings in 2016 spanned many economic sectors and were roughly equally split among the Second, Ninth, and all other Circuits.

Figure 6. **Section 11 Filings**
January 2006–December 2016



Aggregate NERA-Defined Investor Losses

In addition to the number of cases filed, we also consider the total potential size of these cases using a metric we label "NERA-defined Investor Losses."

> NERA's Investor Losses variable is a proxy for the aggregate amount that investors lost from buying the defendant's stock, rather than investing in the broader market during the alleged class period. Note that the NERA-defined Investor Losses variable is not a measure of damages because any stock that underperforms the S&P 500 would have Investor Losses over the period of underperformance; rather, it is a rough proxy for the relative size of investors' potential claims. Historically, Investor Losses have been a powerful predictor of settlement size. Investor Losses can explain more than half of the variance in the settlement values in our database.
>
> We do not compute NERA-defined Investor Losses for all cases included in this publication. For instance, class actions in which only bonds and not common stock are alleged to have been damaged are not included. The largest excluded groups are IPO laddering cases and merger-objection cases. Some previous NERA reports on securities class actions did not include Investor Losses for cases with only Section 11 allegations, but such cases are included here.[17]

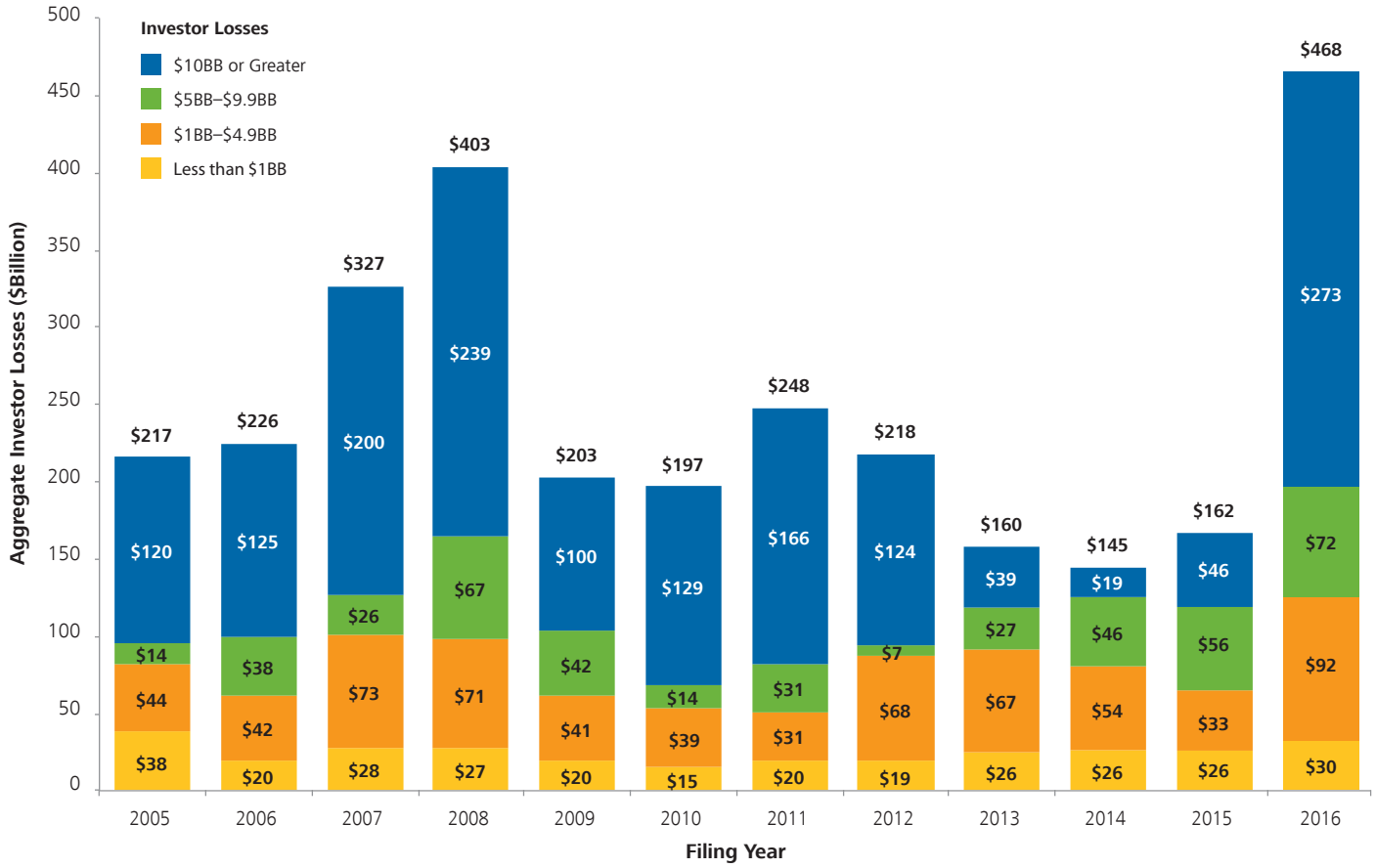
For each year since 2005, we calculate NERA-defined Investor Losses at the time of filing for each case for which losses can be computed. Yearly Investor Losses are grouped by magnitude and aggregated, as shown in Figure 7.

In 2016, aggregate NERA-defined Investor Losses jumped to a record $468 billion, more than 2.75 times the 2015 rate and exceeded the level of losses in 2008, at the height on the financial crisis. While Investor Losses in each stratum increased from 2015, the 2016 level of losses was driven to a record due to a dramatic increase in (and record amount of) losses attributable to cases with very large Investor Losses (over $10 billion, shown in dark green in Figure 7).[18] This year marked the first time since 2012 during which Investor Losses stemming from large cases made up most of the total loss for the year.

Claims related to regulatory violations (i.e., those alleging a failure to disclose a regulatory issue) made up a record 44% of NERA-defined Investor Losses in 2016, totaling about $220 billion. Much of this loss stemmed from price collusion cases spanning the pharmaceutical and poultry industries. Several pharmaceutical companies were caught up in a long-running DOJ probe into alleged generic drug price collusion.[19] In September 2016, a leading poultry distributor sued several poultry producers, alleging price fixing of broiler chickens.[20] Our data includes nine securities class actions related to such investigations in the pharmaceutical industry and four securities class actions related to such investigations in the poultry industry. These account for more than $173 billion in Investor Losses, or about 57% of the growth from 2015 levels. Securities class actions stemming from these investigations also make up more than a third of 2016 aggregate Investor Losses and 60% of losses in the high Investor Losses category.

Even excluding cases stemming from the described allegations of price collusion, 2016 NERA-defined Investor Losses jumped substantially to more than $295 billion. More than $109 billion of those losses may be traced to six cases with very large Investor Losses, half of which are in the Health Technology and Services sector. The largest of the six, representing about 8.8% of aggregate Investor Losses, was brought against Wells Fargo, in the Finance sector.

Figure 7. **Aggregate NERA-Defined Investor Losses—Shareholder Class Actions with Alleged Violations of Rule 10b-5, Section 11, or Section 12**
January 2005–December 2016



Filings by Circuit

Filings continued to be concentrated in the Second and Ninth Circuits, where more cases were filed than in all other circuits combined (see Figure 8).

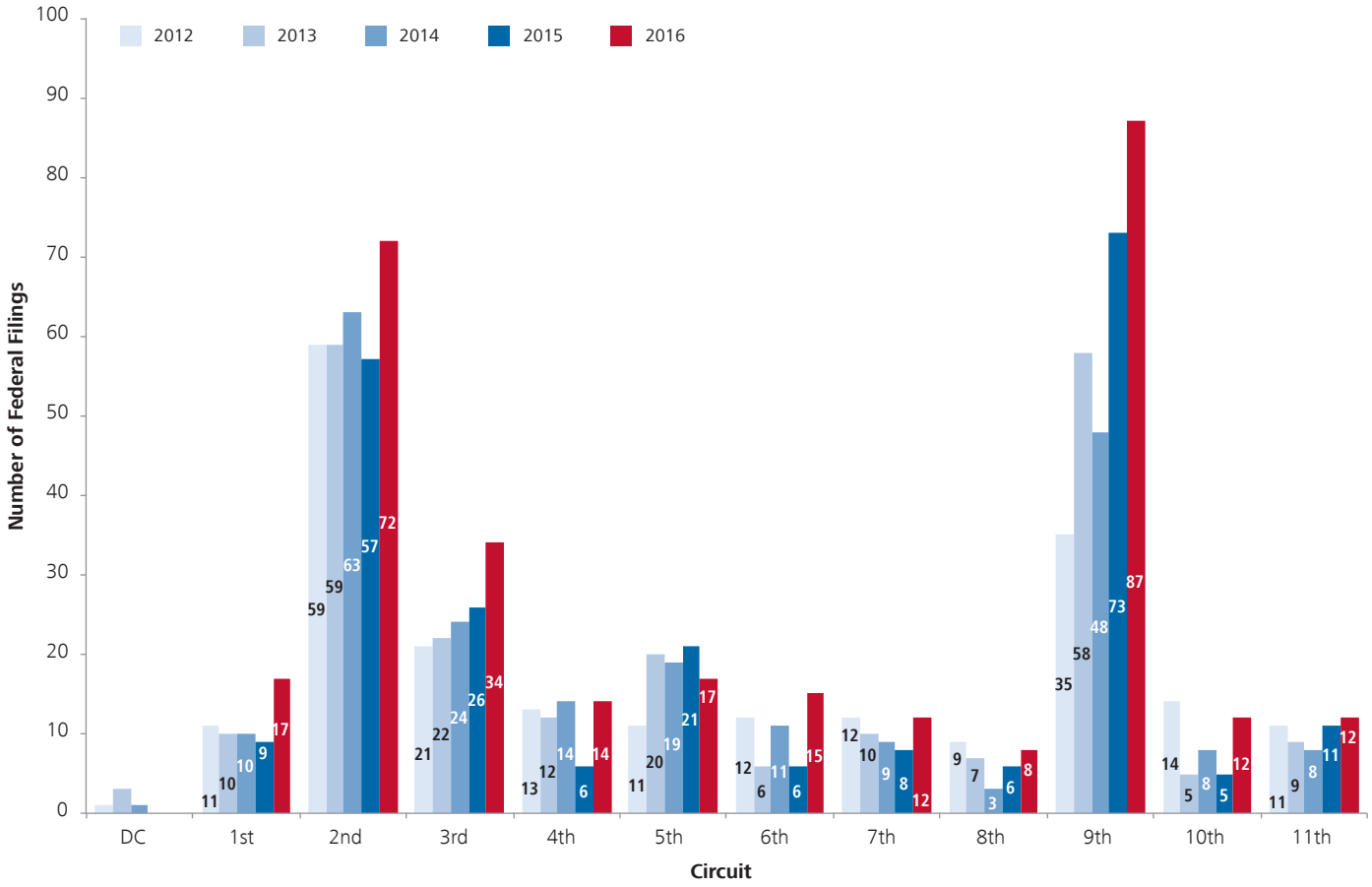
In the Ninth Circuit, the number of filings grew nearly 20%, to 87. Filings of merger-objection cases were a major growth factor, tripling to 27. Filings alleging violations of Rule 10b-5, Section 11, and/or Section 12, fell 11% to 55. Of these, seven cases alleged violations of Section 11, down marginally from 2015 but remaining near a five-year high and constituting about a third of all Section 11 cases.

Filings in the Second Circuit have grown over the past five years and reached an all-time high of 72 in 2016. As in 2015, the Second Circuit accepted disproportionately fewer merger-objection cases in 2016—while about a quarter of all securities class actions were filed in that Circuit, only about nine percent of merger-objection cases were filed there. Merger-objection suits may be less common in the Second Circuit, as multiple 2015 opinions in New York Superior Court rejected disclosure-only settlements either as "relatively worthless settlements" or discounted them as "merger tax suits."[21]

Filings of "standard" securities class actions in the Second Circuit made up the difference; despite lagging behind the overall filing load of Ninth Circuit, six more standard cases were filed in the Second Circuit than in the Ninth Circuit.

Recent steady growth in filings in the Third Circuit, which includes Delaware, continued in 2016. Third Circuit filings reached 34, up from 21 in 2012. As in the Ninth Circuit, growth of merger-objection cases was a factor. The number of such cases increased by nearly 43% in 2016, representing a bit less than a third of all filings in the Circuit. In the Fifth Circuit, 17 securities class actions were filed, the fewest in four years, and standard cases outnumbered merger objections by two-thirds.

Figure 8. **Federal Filings by Circuit and Year**
January 2012–December 2016



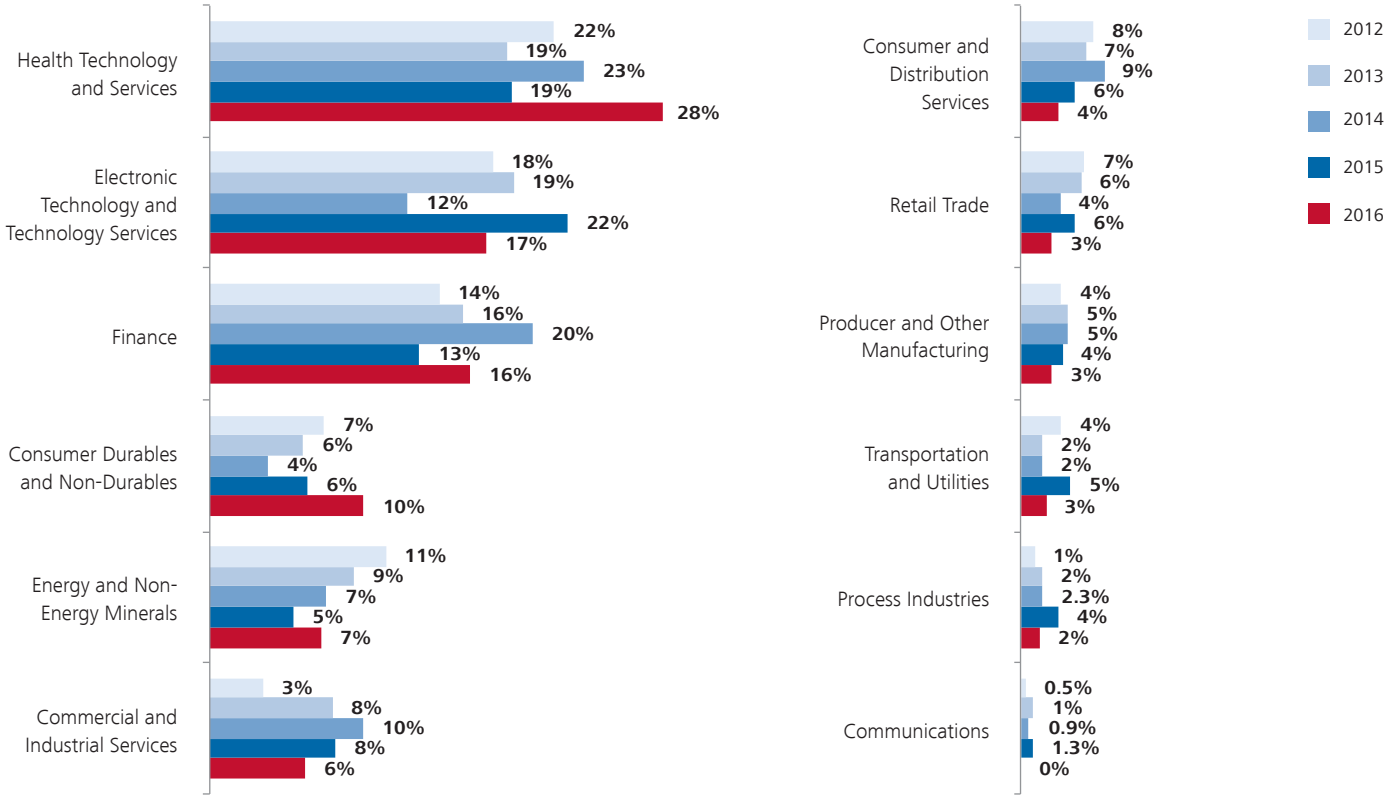
Filings by Sector

In 2016, 28% percent of securities class action cases were brought against firms in the Health Technology and Services sector (see Figure 9). Other than Finance sector filings between 2007 and 2009, filings have not been so concentrated in a single sector since at least 2005. There were 85 filings in the Health Technology and Services sector, almost doubling from 2015 levels. While the nine securities class actions stemming from DOJ probes into generic pharmaceutical price collusion contributed to the growth of cases in the sector, most cases in the sector were driven by claims related to financial performance or other regulatory actions.

The rate of filings against firms in the Electronic Technology and Technology Services sector was approximately equal to the five-year average rate and was a reversion from a large upward movement observed last year. Filings against firms in this sector would have fallen even more but for a jump in merger-objection cases, which made up nearly 45% of filings and possibly resulted from the technology sector's lead over other industries in 2016 M&A activity.[22]

Finance sector filings made up 16% of total filings, reverting to approximately the five-year average rate after a large downward movement last year.

Figure 9. **Percentage of Filings by Sector and Year**
January 2012–December 2016



Note: This analysis is based on the FactSet Research Systems, Inc. economic sector classification. Some of the FactSet economic sectors are combined for presentation.

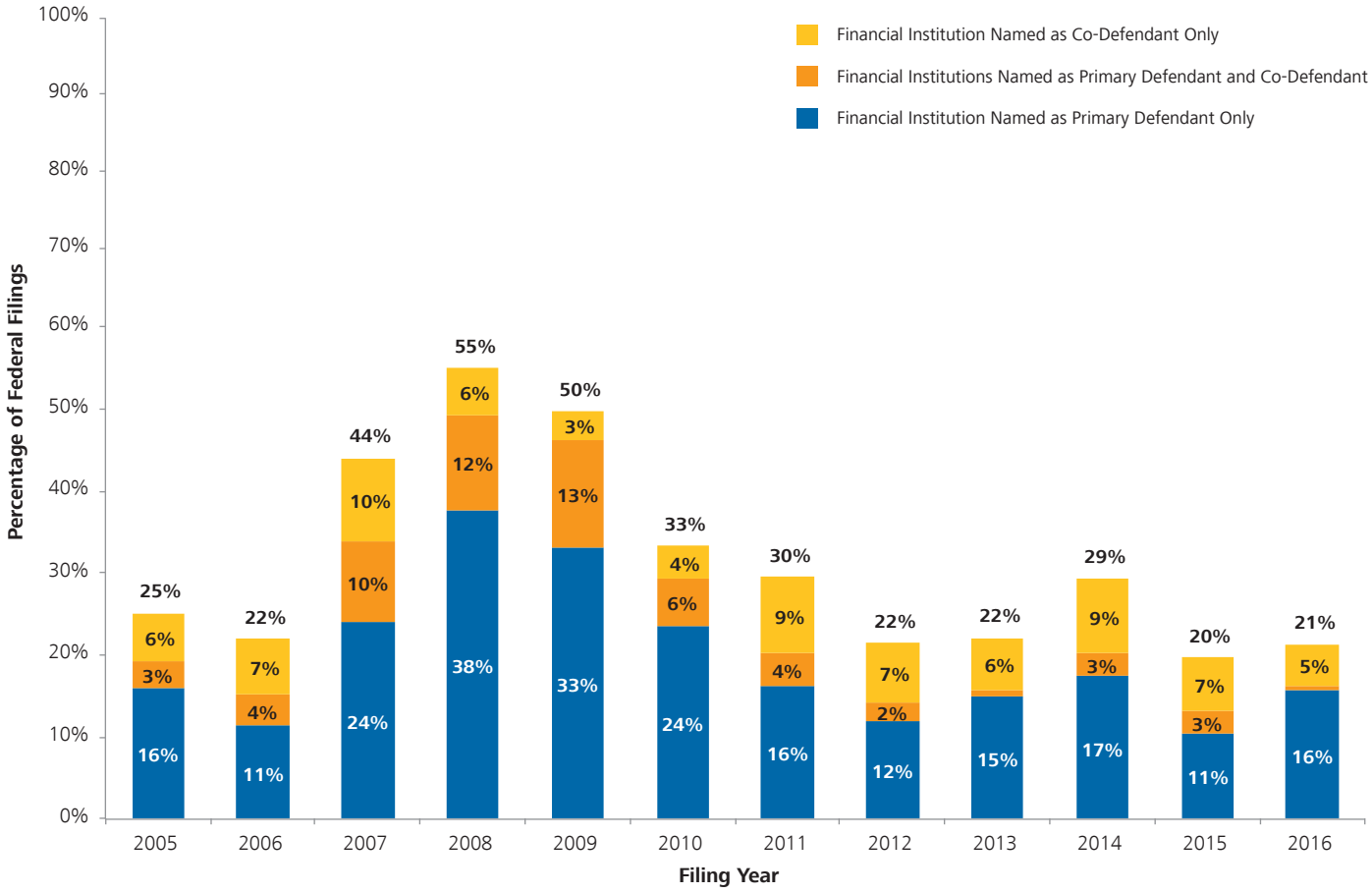
Defendants in the Finance Sector

In addition to being targeted as primary defendants, companies in the Finance sector are often named as co-defendants, potentially as underwriters of the securities at issue.

In 2016, 21% of securities class actions filed had a defendant in the Finance sector (whether a primary defendant or co-defendant) (see Figure 10). The concentration of filings in the sector peaked to more than 50% of all filings during the financial crisis and has tailed off since then. Although filings listing Finance sector firms as the primary defendant ticked up last year, the rate of filings in the sector is roughly equal to that in the 2005 and 2006 pre-crisis period.

Thirteen of the 15 cases filed in 2016 with financial institution co-defendants were Section 11 cases with an underwriter co-defendant, a rate consistent with previous years.

Figure 10. **Federal Cases in which Financial Institutions Are Named Defendants**
January 2005–December 2016



Accounting Co-Defendants

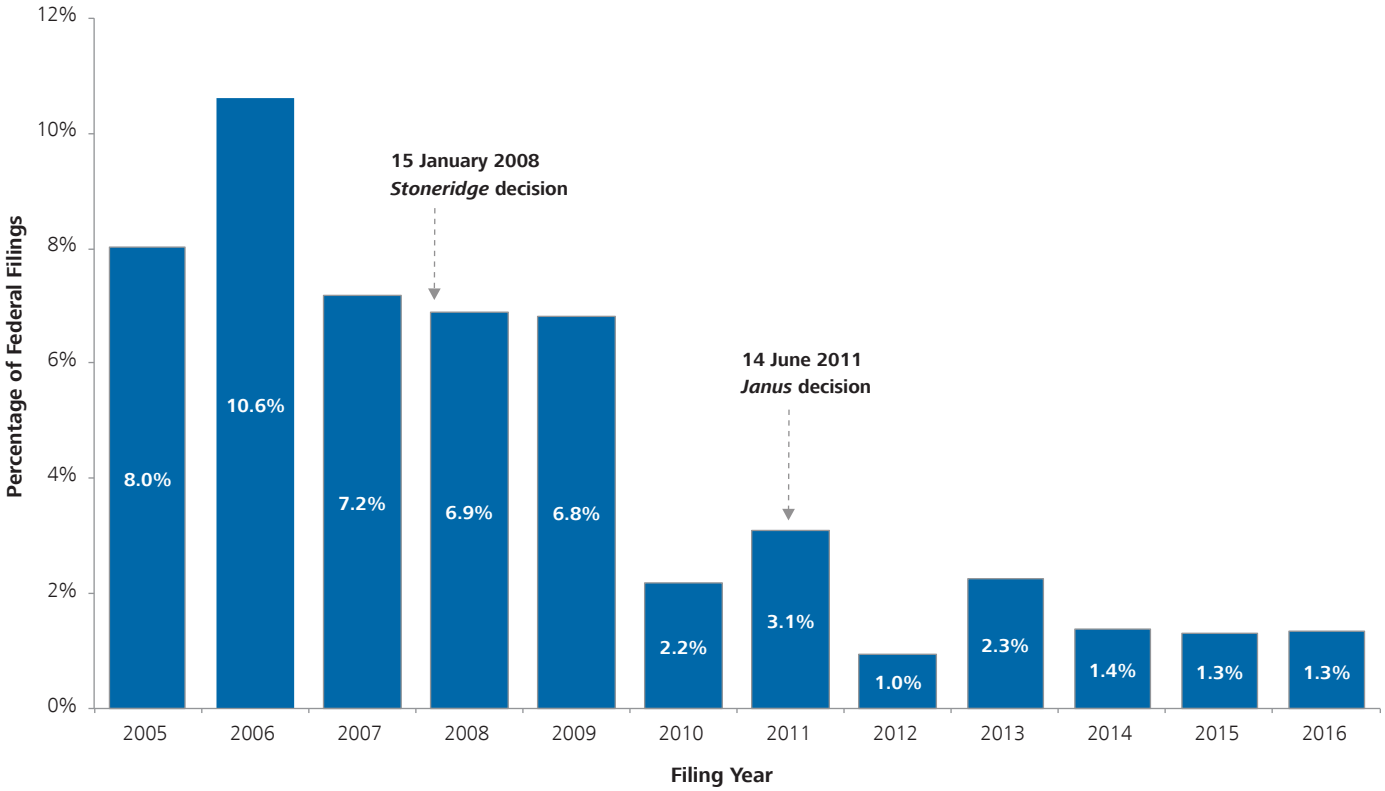
Accounting firms were co-defendants in only four securities class actions in 2016, three of which included allegations against a Big Four accounting firm.

Despite a marginal increase in the number of federal filings with an accounting firm co-defendant in 2016, such filings are still much rarer than in the years prior to the financial crisis. This trend is likely the result of two factors: (1) fewer cases that include accounting allegations being filed and (2) changes in the legal environment related to accounting co-defendants.

First, since 2005, the percent of filings with accounting claims dropped from about 56% to about 20% in 2016, while the percent of cases with an accounting co-defendant dropped from 8% to less than a fifth of that (see Figure 11).[23]

Second, the drop in the relative percent of filings with an accounting co-defendant, however, exceeded the decline of filings with accounting allegations, potentially due to changes in the legal environment, which was affected by two US Supreme Court rulings over the period. The Supreme Court's *Janus* decision in 2011 restricted the ability of plaintiffs to sue parties not directly responsible for misstatements.[24] Along with the High Court's *Stoneridge* decision in 2008, which limited scheme liability, the *Janus* decision may have made accounting firms less appealing targets for securities class action litigation.[25]

Figure 11. **Percentage of Federal Filings in which an Accounting Firm Is a Co-Defendant**
January 2005–December 2016



Notes: Coded on the basis of first (available) complaint.

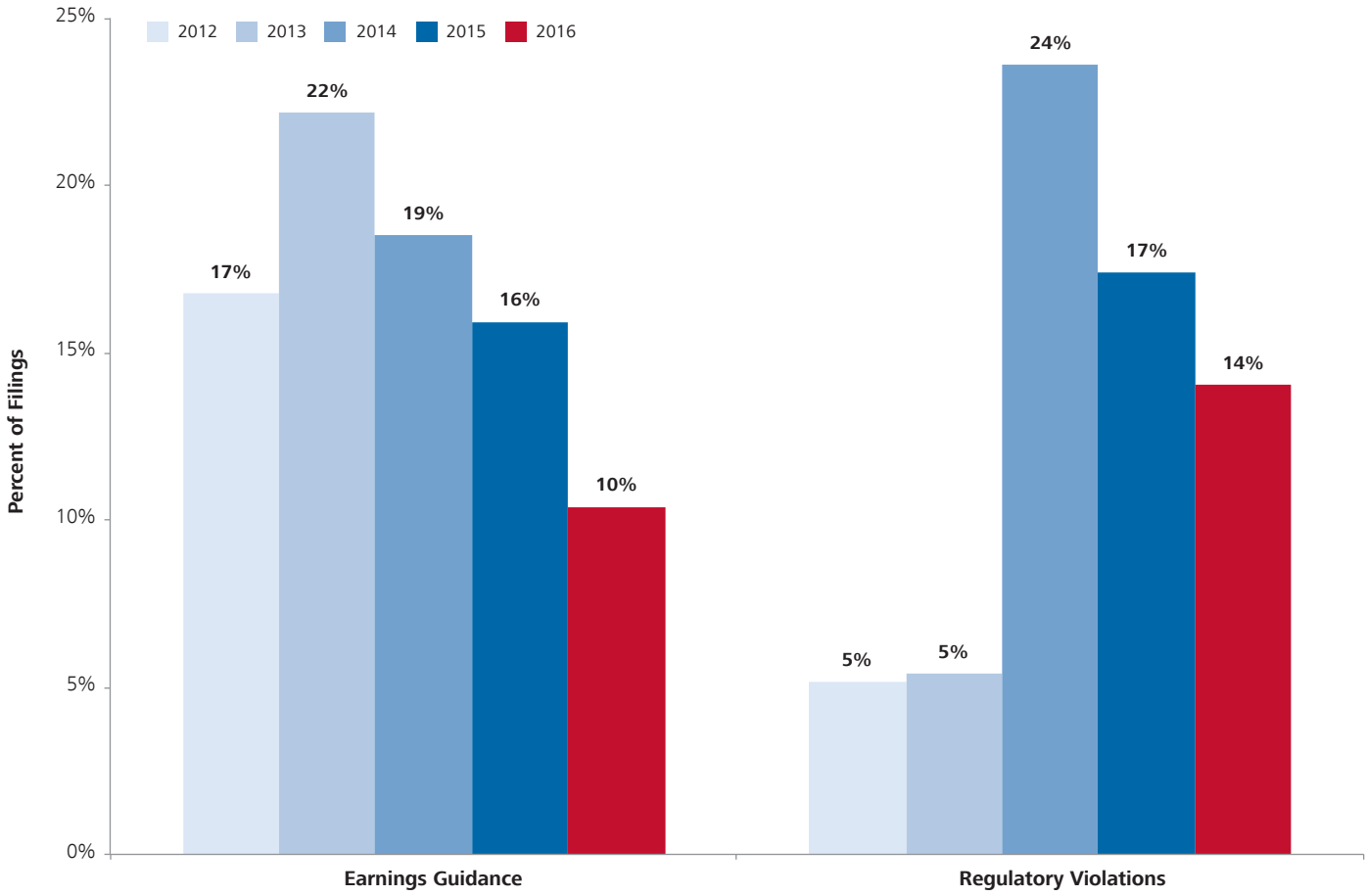
Allegations

In 2016, only about one in 10 filings contained allegations related to misleading earnings guidance, a continuation of the precipitous fall in such allegations in recent years (see Figure 12). The decline is partially explained by an increase in merger-objection cases, which don't generally include claims of misleading guidance. The decline also correlates with a decline in technology sector 10b-5s, which historically constituted about a third of all earnings guidance cases. In 2016, the number of cases in the technology sector claiming misleading earnings guidance fell by more than 60% and constituted only about 16% of all earnings guidance cases. Nearly 60% of 10b-5 filings in the technology sector alleged accounting or regulatory violations.

In 2014, there was a dramatic increase in the number of securities class actions related to regulatory violations. Since then, most securities cases with regulatory violations have been concentrated in the Finance sector and the Health Technology and Services sector, with the latter driving filings in 2016; at least partially due to generic drug price collusion cases. In 2016, securities cases stemming from price collusion allegations in the market for broiler chickens resulted in filings against Tyson Foods, Pilgrim's Pride Corporation, and Sanderson Farms.[26]

Most complaints include a wide variety of allegations, not all of which are depicted here. Due to multiple types of allegations in complaints, the same case may be included in both the earnings guidance and regulatory violations categories.

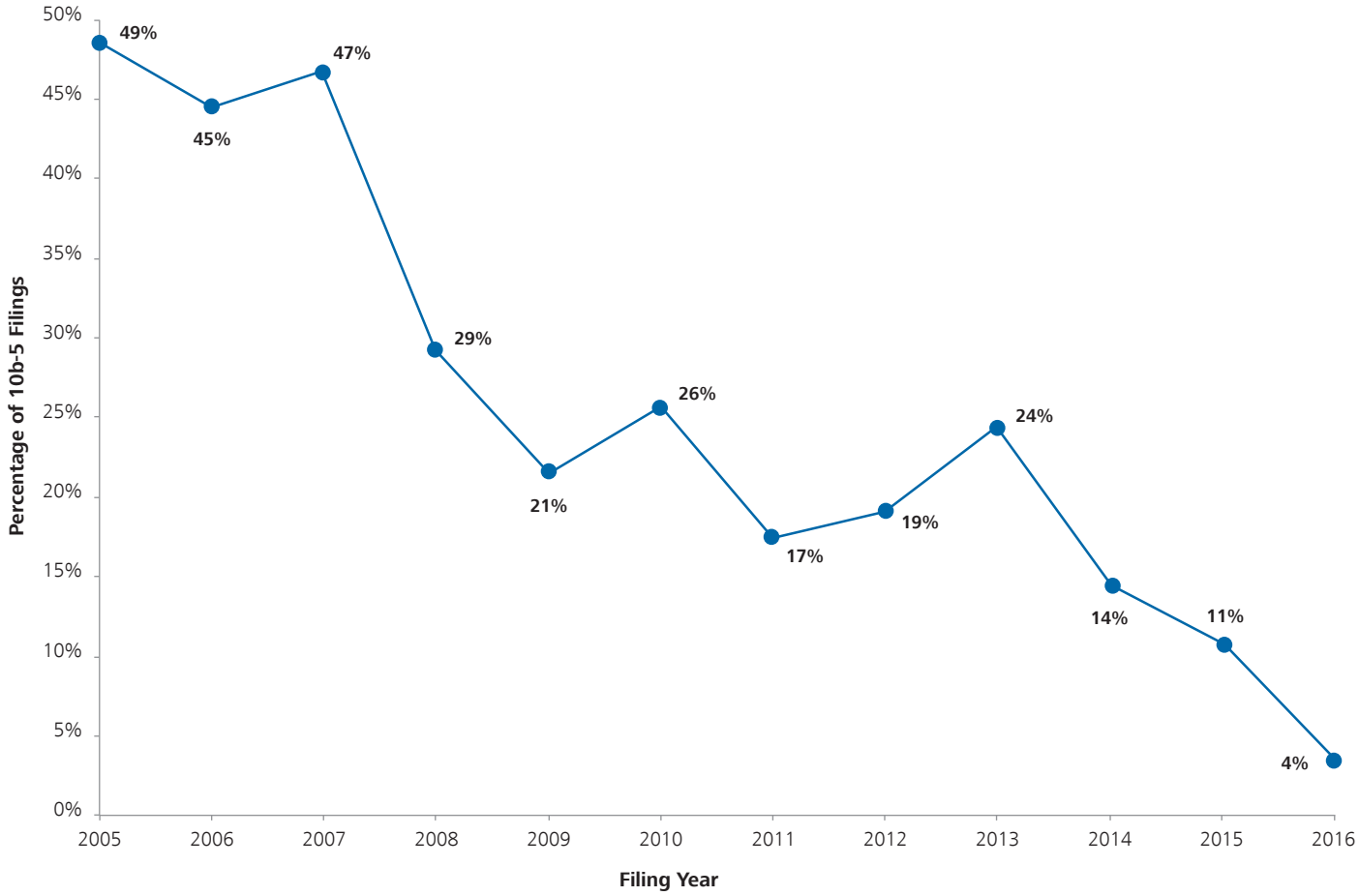
Figure 12. **Allegations Related to Earnings Guidance and Regulatory Violations**
January 2012–December 2016



Alleged Insider Sales

The percentage of 10b-5 class actions that also alleged insider sales decreased in 2016, dropping to 4% and marking a second consecutive record low. Cases alleging insider sales were much more common prior to the financial crisis, having peaked at 49% in 2005 (see Figure 13).

Figure 13. **Percentage of Rule 10b-5 Filings Alleging Insider Sales by Filing Year**
January 2005–December 2016

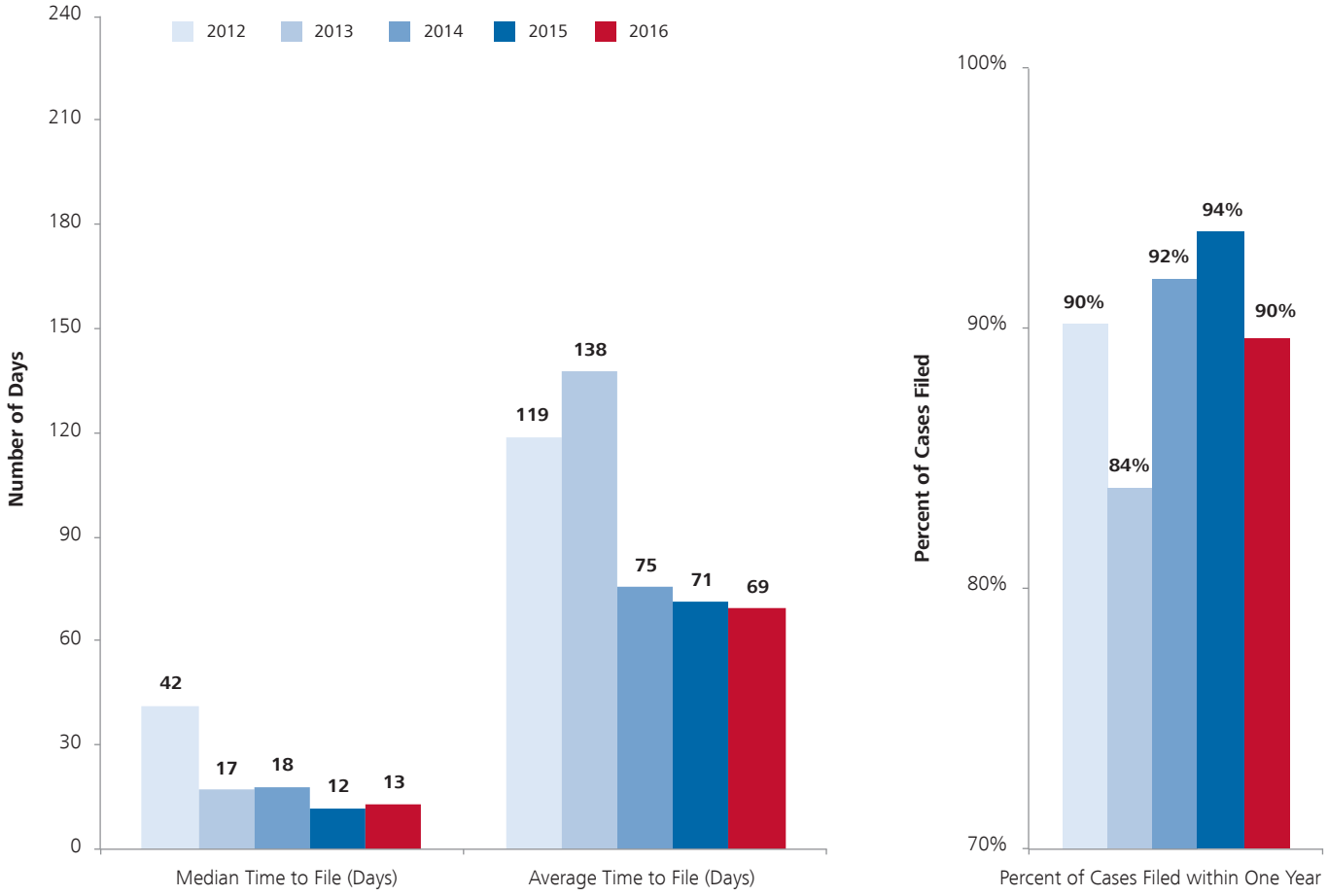


Time to File

The term "time to file" denotes the time that has elapsed between the end of the alleged class period and the filing date of the first complaint. Figure 14 illustrates how the median time and average time to file (in days) have changed over the past five years.

The time to file in securities cases remained near record-low levels for a second consecutive year in 2016. The average time to file was 69 days, while half of all cases were filed within 13 days or less. We also observe that the percent of complaints filed within one year of the end of the class period remained at approximately 90% in 2016. These metrics indicate a trend toward a lower frequency of cases with long periods between the date when an alleged fraud was revealed and the date a related claim is filed.

Figure 14. **Time to File from End of Alleged Class Period to File Date for Rule 10b-5 Cases**
January 2012–December 2016



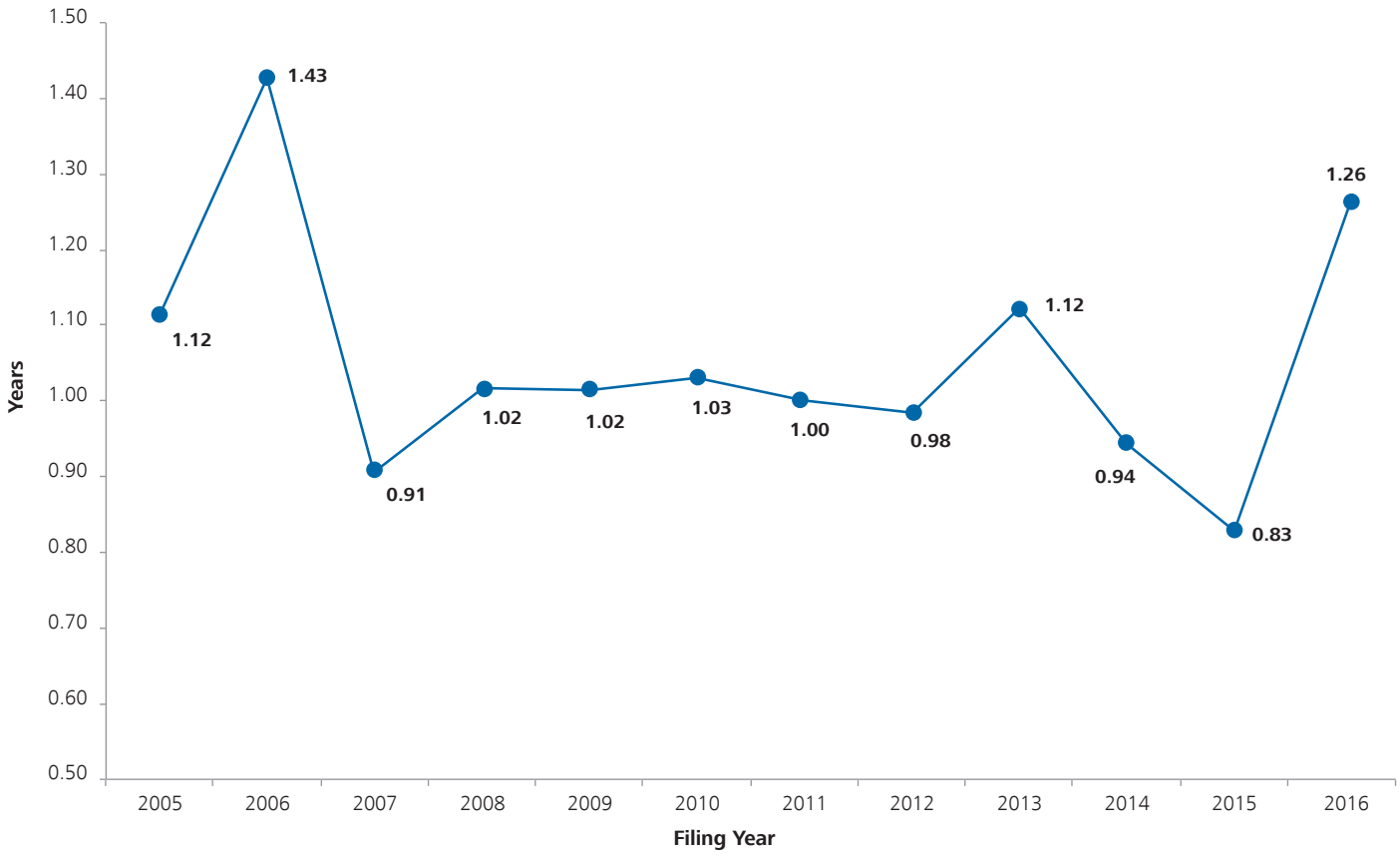
Note: This analysis excludes cases in which the alleged class period could not be unambiguously determined.

Class Period Length

The median class period was 0.83 years, a ten-year low, in 2015; in 2016, the median duration increased to more than 1.26 years (see Figure 15). This is a deviation from the longer-term trend toward shorter class periods and is partially explained by filings related to regulatory violations, which generally have longer class periods. In 2016, cases alleging regulatory violations had especially long class periods; the proportion of such filings in the top third of class period lengths rose from 29% in 2015 to 42% in 2016, and included 77% of securities cases related to industrial price collusion.

One reason class periods have generally been shorter may be that alleged malfeasance is being detected sooner.[27] For example, earlier detection over the last couple years may be related to recent regulatory changes. In recent years, the SEC has enacted new regulations to combat securities fraud, including a mandate that all financial statements be filed in a machine-readable format. These filing guidelines were designed to increase transparency and to facilitate more rapid detection of accounting anomalies.[28] For example, analysts can now use "data-scraping" programs to download financial data from numerous firms in a similar industry, so as to compare the financial figures of one company to those of its peers, enabling interested parties to more easily investigate whether an apparently unusual financial result is a reflection of something company-specific or is part of a broader industry trend. In August 2011, the SEC also adopted rules to reward individuals who expose violations of securities laws, thus motivating whistleblowers.[29]

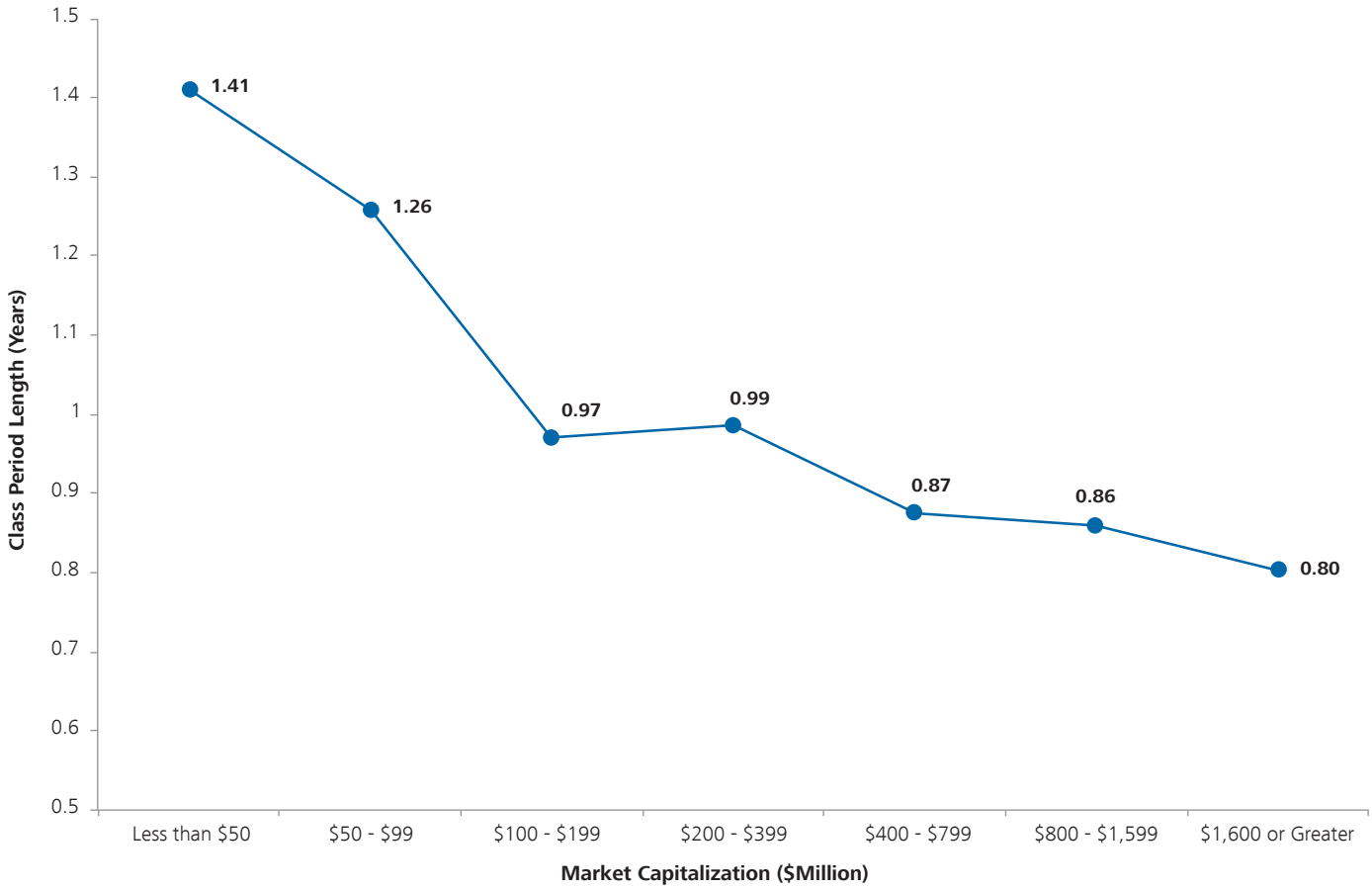
Figure 15. **Median Class Period Length**
January 2005–December 2016



Note: The figure excludes merger-objection cases, cases without class data, and class periods longer than five years.

We also observe that class period length tends to be negatively correlated with the market capitalization of the defendant firm, especially in cases not claiming failures to disclose regulatory violations (see Figure 16). Firm size may be a proxy for a firm's ability to catch or address potential errors more quickly, if larger firms likely have more comprehensive control systems. Between 2013 and 2016, the yearly median market capitalization of the primary defendant firm in 10b-5 filings not claiming failures to disclose regulatory violations was $578 million on average, up about 27% from $454 million between 2009 and 2012. Over this same time, class period lengths in such cases decreased.

Figure 16. **Class Period Length vs. Issuer Market Capitalization**
January 2011–December 2016



Note: The figure excludes merger-objection cases, cases without class data, and class periods longer than five years.

Analysis of Motions

NERA's statistical analysis has found robust relationships between settlement amounts and the litigation stage at which settlements occur. We track three types of motions: motion to dismiss, motion for class certification, and motion for summary judgment. For this analysis, we track securities class actions in which holders of common stock are part of the class and in which a violation of Rule 10b-5 or Section 11 is alleged.

As shown in the below figures, we record the status of any motion as of the resolution of the case. For example, a motion to dismiss which had been granted but was later denied on appeal is recorded as denied, even if the case settles without the motion being filed again.

Motions for summary judgment were filed by defendants in 7.5%, and by plaintiffs in only 2.1%, of the securities class actions filed and resolved over the 2000-2016 period, among those we tracked.[30]

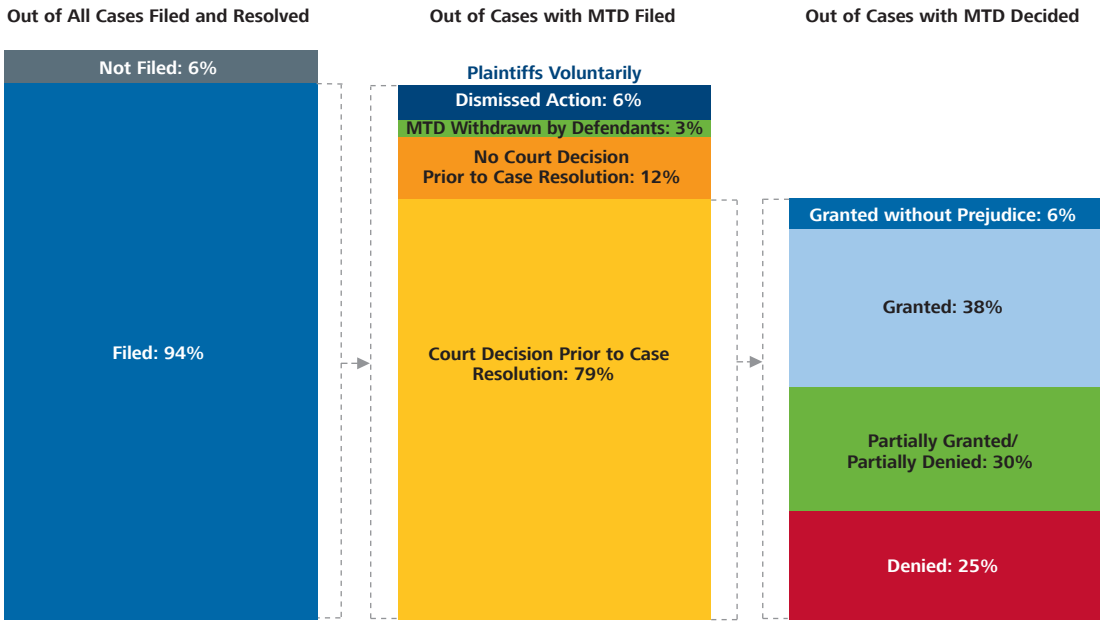
Outcomes of motions to dismiss and motions for class certification are discussed below.

Motion to Dismiss

A motion to dismiss was filed in 94% of the securities class actions tracked. However, the court reached a decision on only 79% of the motions filed. In the remaining 21% of cases in which a motion to dismiss was filed, either the case resolved before a decision was taken, plaintiffs voluntarily dismissed the action, or the motion to dismiss itself was withdrawn by defendants (see Figure 17).

Out of the motions to dismiss for which a court decision was reached, the following three outcomes classify all of the decisions: granted with or without prejudice (44%), granted in part and denied in part (30%), and denied (25%).

Figure 17. **Filing and Resolutions of Motions to Dismiss**
Cases Filed and Resolved January 2000–December 2016



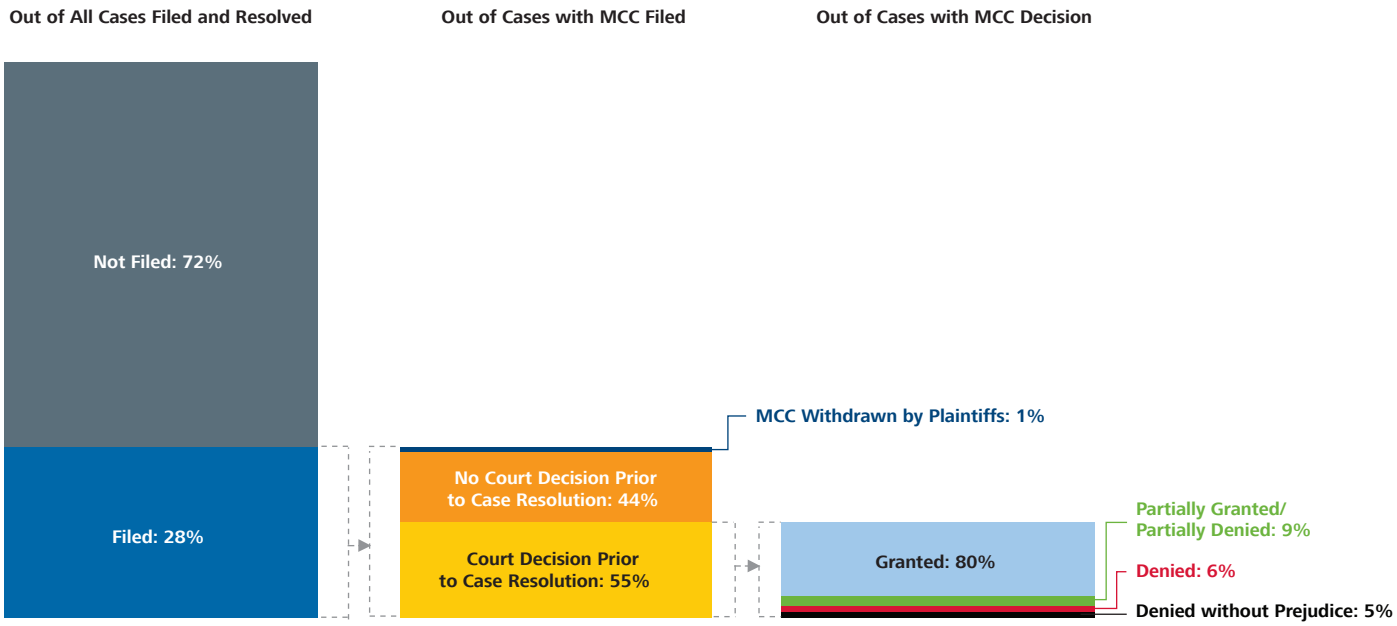
Note: Includes cases in which holders of common stock are part of the class and a 10b-5 or Section 11 violation is alleged. Excludes IPO Laddering cases.

Motion for Class Certification

Most cases were settled or dismissed before a motion for class certification was filed: 72% of cases fell into this category. Of the remaining 28%, the court reached a decision in only in 55% of the cases where a motion for class certification was filed. So, overall, only 15% of the securities class actions filed (or 55% of the 28%) reached a decision on the motion for class certification (see Figure 18).

According to our data, 89% of the motions for class certification that were decided were granted in full or partially.

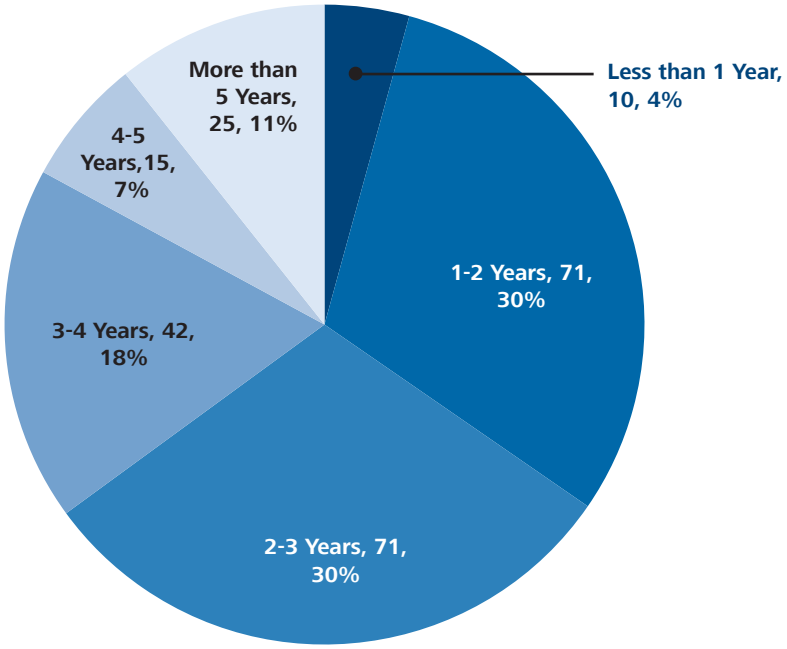
Figure 18. **Filing and Resolutions of Motions for Class Certification**
Cases Filed and Resolved January 2000–December 2016



Note: Includes cases in which holders of common stock are part of the class and a 10b-5 or Section 11 violation is alleged. Excludes IPO Laddering cases.

Approximately 64% of the decisions handed down on motions for class certification were reached within three years from the original filing date of the complaint (see Figure 19). The median time was about 2.5 years.

Figure 19. **Time from First Complaint Filing to Class Certification Decision**
Cases Filed and Resolved January 2000–December 2016



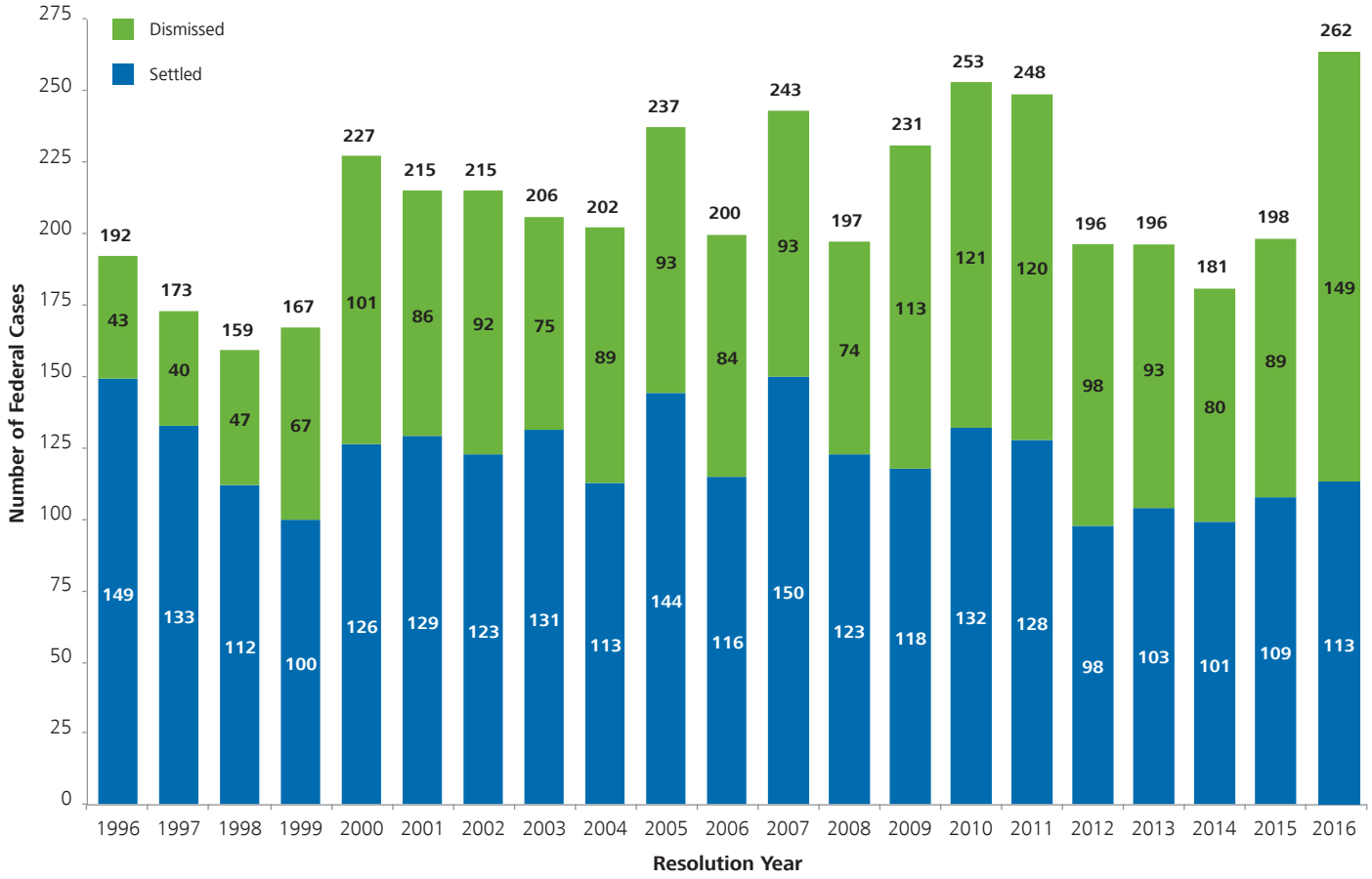
Trends in Case Resolutions

Number of Cases Settled or Dismissed

A total of 113 securities class actions settled in 2016, which is near the post-PSLRA lows seen over the prior four years (see Figure 20). Despite 2016 having the highest number of settlements since 2011, there were 12% fewer settlements in 2016 than in 2011. For the first time since passage of the PSLRA, more cases were dismissed than settled—in fact, almost a third more cases were dismissed than settled. There were a record 149 dismissals in 2016, resulting in a near-record level of overall case resolutions.

Half of the cases dismissed in 2016 were done so within about 11 months of filing, the fastest pace since passage of the PSLRA, and more than 35% lower than the five-year trailing average of 17 months. The faster time-to-dismissal rate was driven by merger-objection cases which, despite making up only 28% of all cases dismissed, made up 52% of cases dismissed in less than 11 months. Moreover, of the merger-objection cases dismissed in 2016, 88% were done so within 11 months of filing.[31]

Figure 20. **Number of Resolved Cases: Dismissed or Settled**
January 1996–December 2016



Note: Analysis excludes IPO laddering cases. Dismissals may include dismissals without prejudice and dismissals under appeal.

Case Status by Year

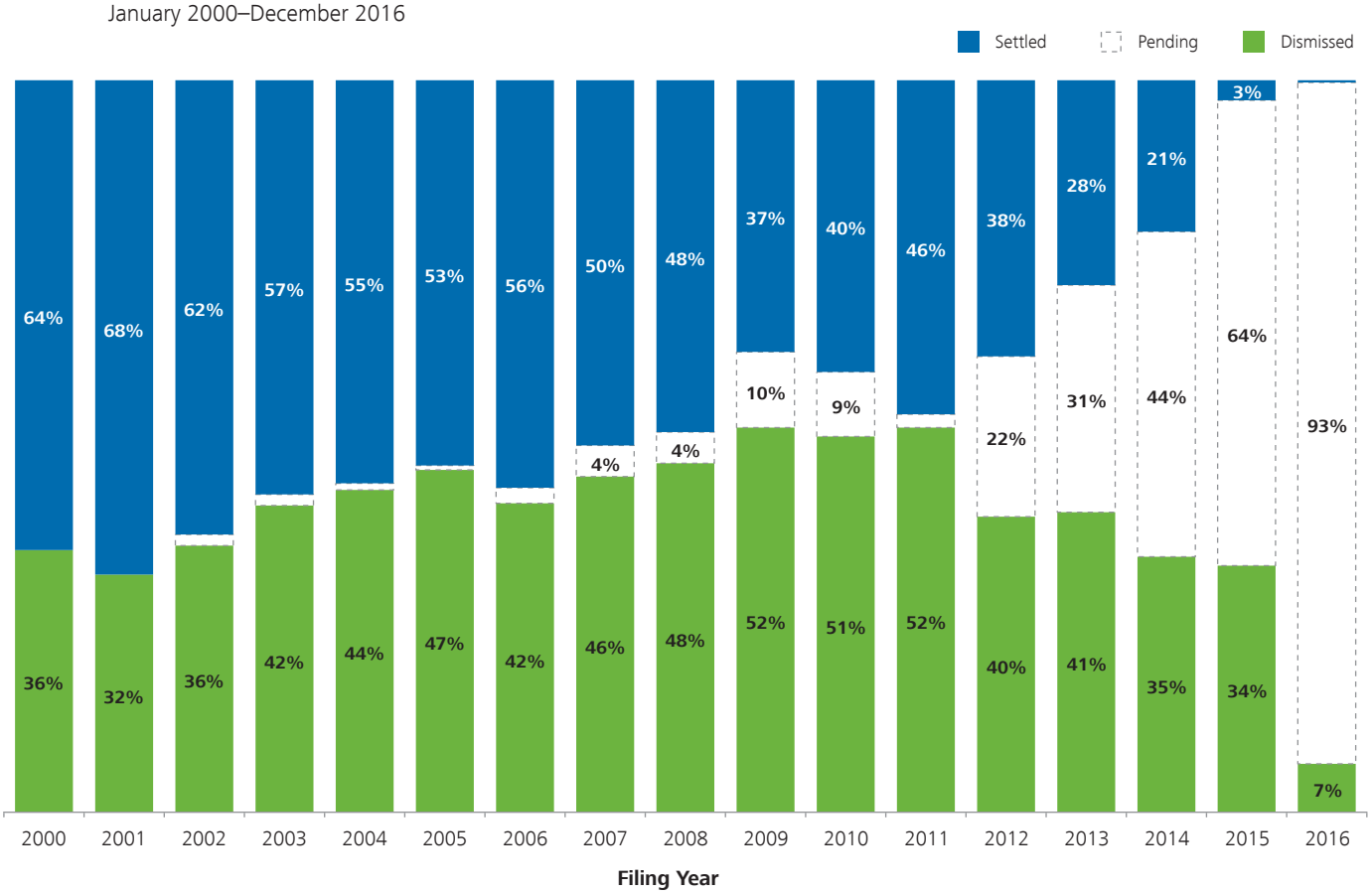
Figure 21 shows the rate of cases settled or dismissed, and the percent of pending cases by filing year. These rates are calculated as the fraction of cases by current status out of all cases filed in a given year, and they exclude IPO laddering cases, merger-objection cases, and verdicts.

The rate of case dismissal has steadily increased between the 2000 and 2011 filing years. While only about a third of cases were dismissed in the 2000-2002 filing period, cases filed between 2003 and 2007 were dismissed at a rate of about 42% to 47%. Between 2008 and 2011, the most recent years with a substantial resolution rate, about half of the cases filed were dismissed. Nearly 90% of cases filed before 2012 have been resolved, providing evidence of longer-term trends about dismissal and settlement rates.

For more recent filings, we can look at the percent of cases that were quickly resolved. We observe that seven percent of cases filed in 2016 were dismissed by the end of the year, in contrast to more than nine percent of cases filed and dismissed within calendar year 2015.[32]

While dismissal rates have been climbing since 2000, at least up until 2011, the ultimate dismissal rate for cases filed in more recent years is less certain. On one hand, it may increase further, as there are more pending cases awaiting resolution. On the other hand, it may decrease because recent dismissals have more potential than older ones to be appealed or re-filed, so these cases that were recently dismissed without prejudice may ultimately result in settlements.

Figure 21. **Status of Cases as Percentage of Federal Filings by Filing Year**
January 2000–December 2016



Note: Analysis excludes IPO laddering, merger-objection cases, and verdicts. Dismissals may include dismissals without prejudice and dismissals under appeal.

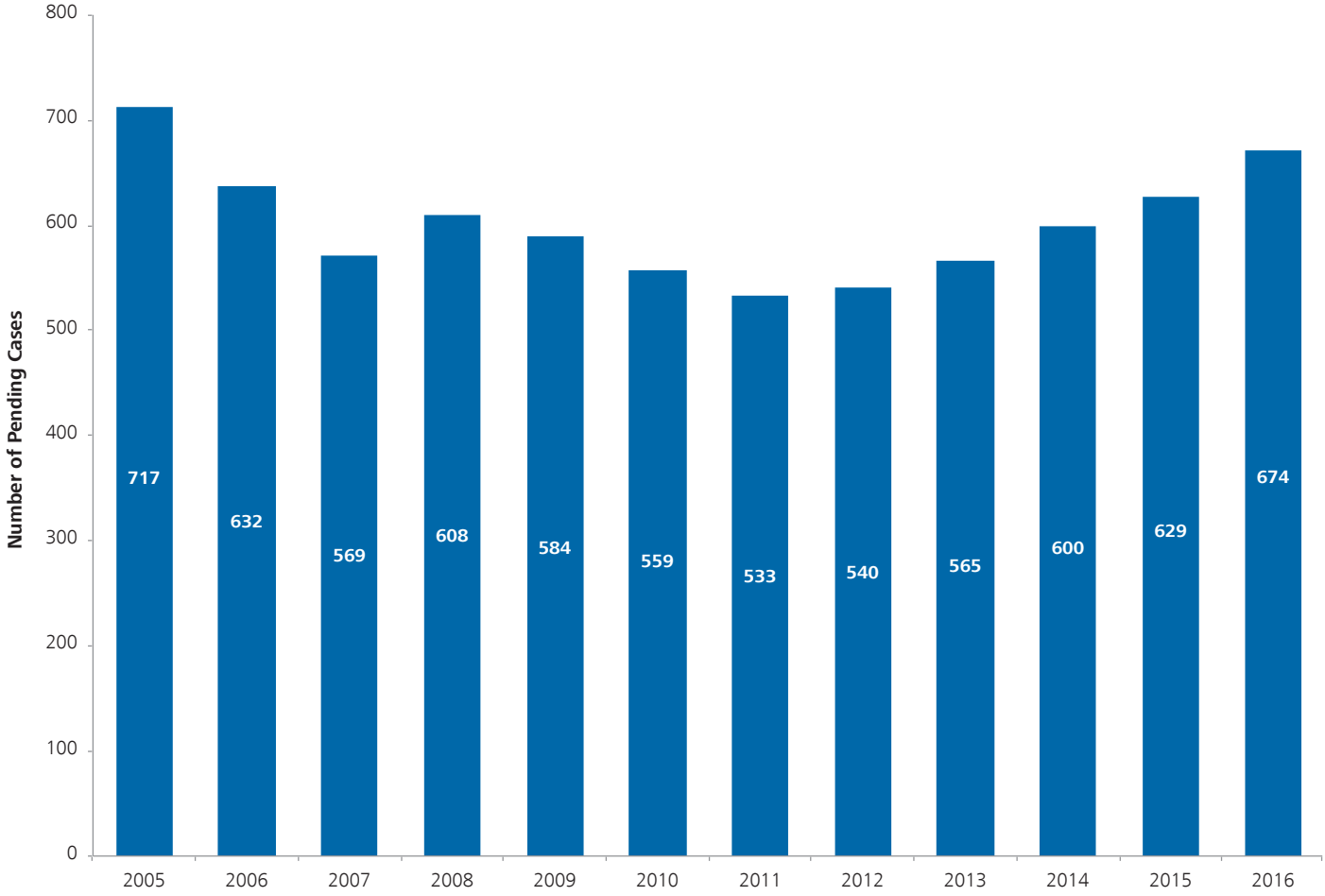
Number of Cases Pending

The number of securities class actions pending in the federal system decreased from a record high of 717 in 2005 to 533 in 2011. Since then, the number of pending cases has increased every year, reaching 674 in 2016, an increase of about 26% from the trough (see Figure 22).

Since cases are either pending or resolved, a decline in the number of filings or a lengthening of the time to case resolution also potentially contribute to changes in the number of cases pending. If the number of new filings is constant, the change in the number of pending cases can be indicative of whether the time to case resolution is generally shortening or lengthening.

In 2016, the seven percent increase in pending cases over the prior year stemmed from the record number of filings, which was only partially offset by the record number of case resolutions (most of which were dismissals). Given the relatively constant case filing rate until this year, the increase in pending cases between 2012 and 2015 suggests a slowdown of the resolution process.

Figure 22. **Number of Pending Federal Cases**
January 2005–December 2016



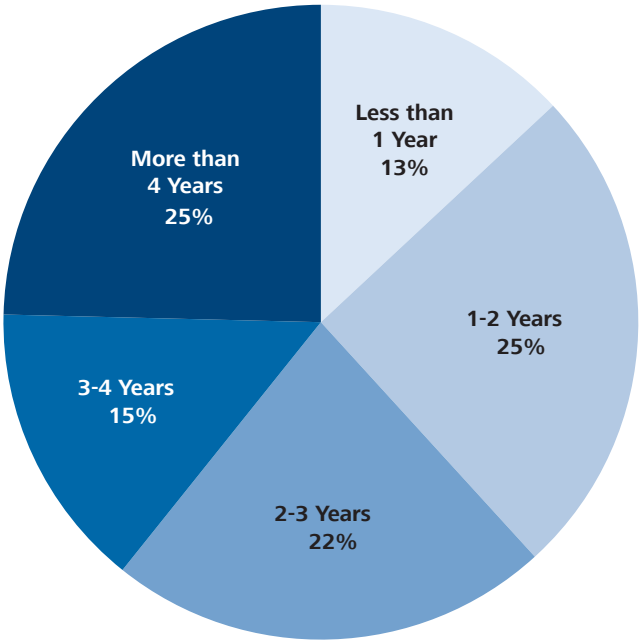
Note: The figure excludes, in each year, cases that had been filed more than eight years earlier. The figure also excludes IPO laddering cases.

Time to Resolution

The term "time to resolution" denotes the time between the filing of the first complaint and resolution (whether through settlement or dismissal). Figure 23 illustrates the time to resolution for all securities class actions filed between 2001 and 2012, and shows that almost 40% of cases are resolved within two years of initial filing and about 60% are resolved within three years.[33]

The median time to resolution for cases filed in 2014 was 2.4 years, similar to the range over the past five years. Over the past decade, the median time to resolution declined by more than 10%, primarily due to an increase in the dismissal rate (dismissals are generally resolved faster than settlements) and due to shorter times to case settlement, as opposed to a shortening of the time it takes for cases to be dismissed.

Figure 23. **Time from First Complaint Filing to Resolution**
Cases Filed January 2001–December 2012



Trends in Settlements

We present several settlement metrics to highlight attributes of cases that settled in 2016 and to compare them with cases settled in past years. We discuss two ways of measuring average settlement amounts and calculate the median settlement amount. Each calculation excludes IPO laddering cases, merger-objection cases, and cases that settle with no cash payment to the class, as settlements of such cases may obscure trends in what have historically been more typical cases.

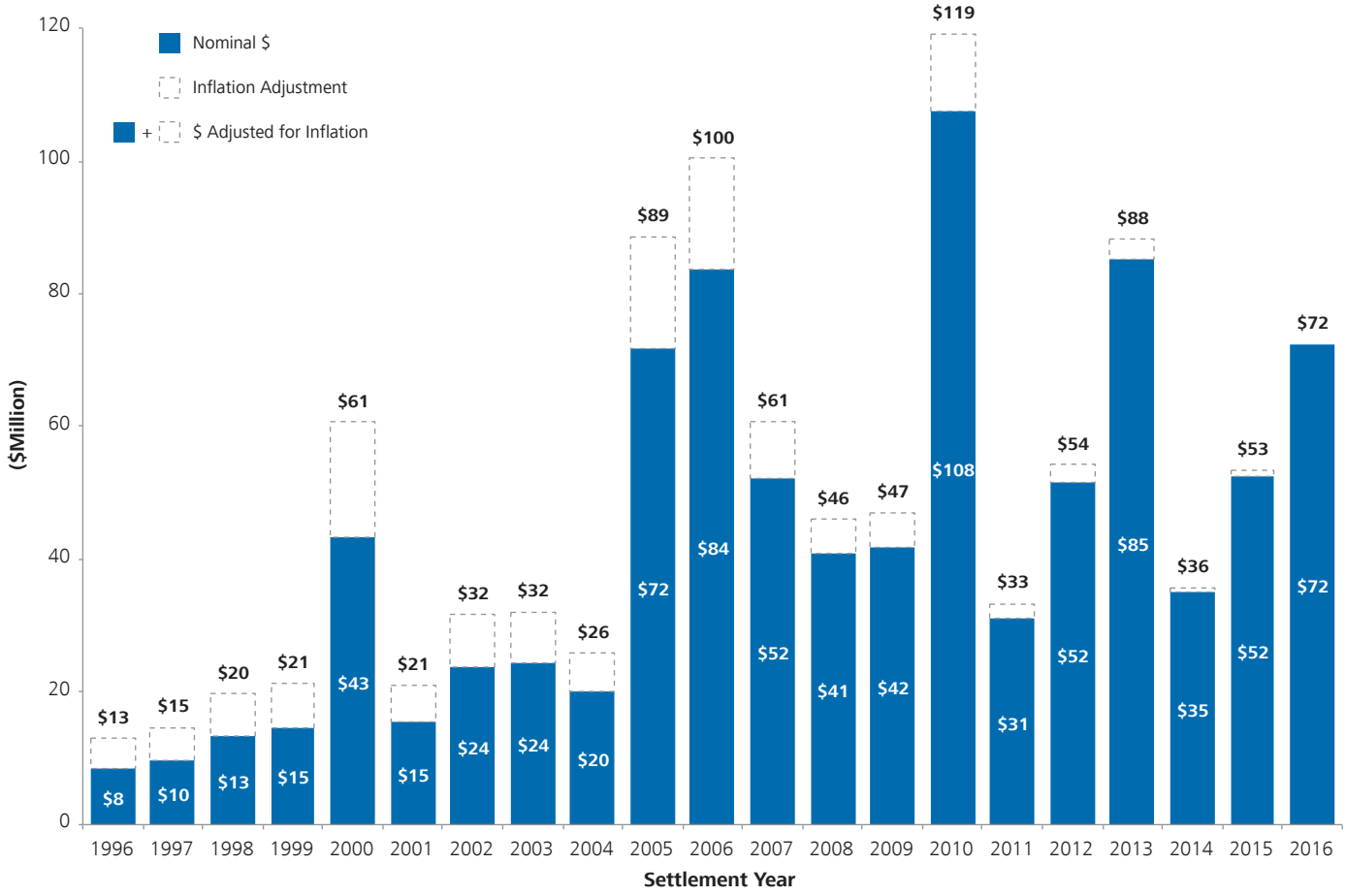
The average settlement amount increased substantially for a second straight year, reaching $72 million in 2016, up by more than 35% compared to the 2015 figure. Excluding cases that settled for more than $1 billion dollars, the average settlement amount for 2016 fell to $43 million from last year's near-record $53 million. The median 2016 settlement amount, which is more robust to extreme values, increased by more than a fifth from the 2015 median of $9.1 million.

The settlement of two longstanding large cases in 2016 affected the average settlement statistics. To illustrate how many cases settled over various ranges in 2016 compared to prior years, we provide a distribution of settlements over the past five years. To supplement this, we tabulate the 10 largest settlements of the year.

Average and Median Settlement Amounts

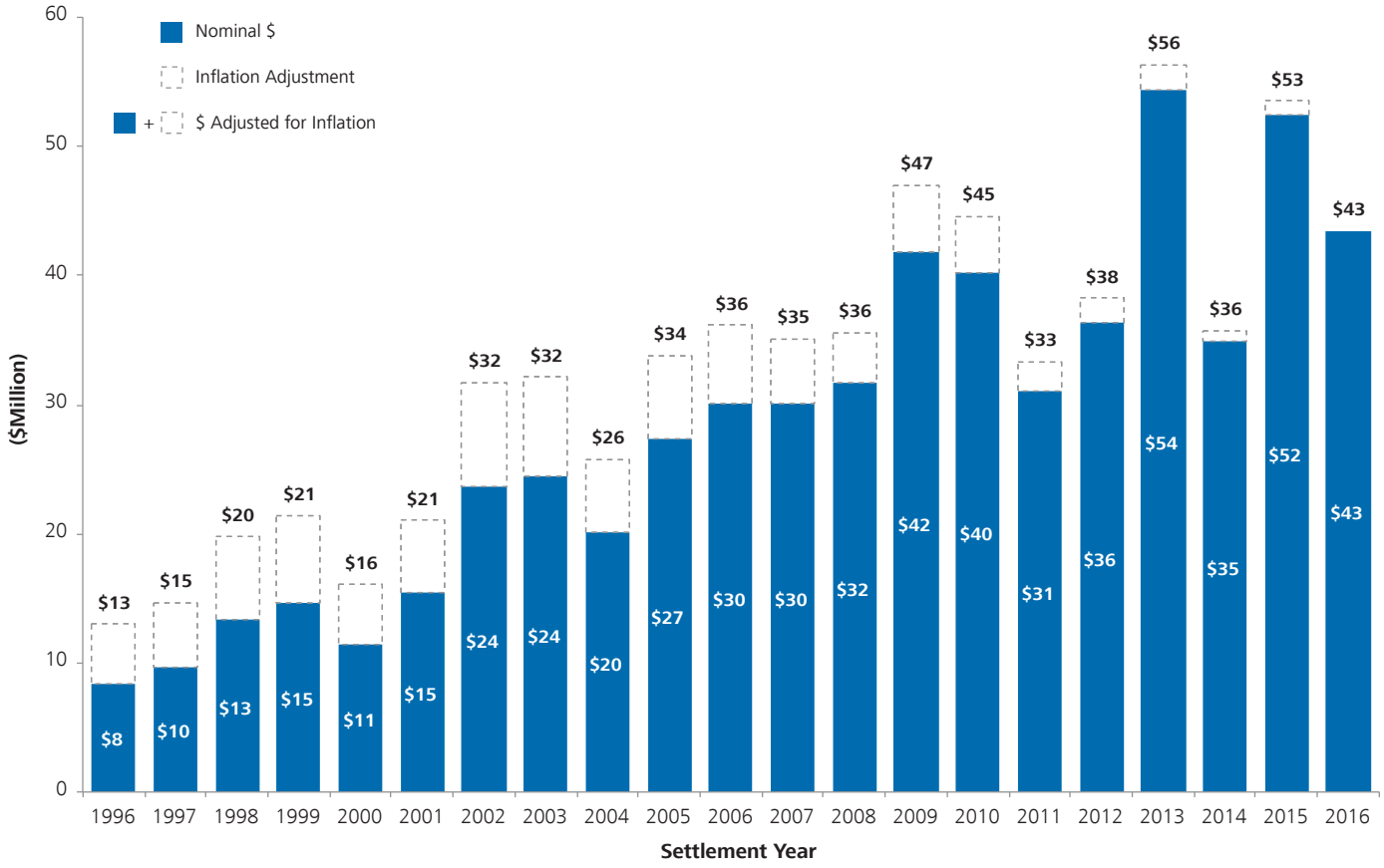
The average settlement amount exceeded $72 million in 2016, an increase of more than 35% over the average of $53 million in 2015, adjusted for inflation (see Figure 24). This follows a steep 47% increase in 2015 from a near ten-year low of $36 million in 2014. Infrequent large settlements are generally responsible for the wide variability in average settlement amounts over the past decade. For example, without the settlements of *WorldCom, Inc*. in 2005 and *Enron Corp*. in 2010, the average settlement amounts in those years would have been more than 60% lower.

Figure 24. **Average Settlement Value—Excluding IPO Laddering, Merger Objections, and Settlements for $0 to the Class**
January 1996–December 2016



Excluding two settlements that exceed $1 billion to account for these extreme outliers, the average 2016 settlement amount was $43 million, a decrease of 19% over 2015, adjusted for inflation (see Figure 25). Despite the year-over-year decline, the average settlement amount for 2016 was still higher than the five-year average and substantially higher than the average since passage of the PSLRA, fitting the general uptrend in average settlement amounts since passage of that regulation. Unlike in 2014 and in 2015, there were settlements for more than $1 billion in 2016. Specifically, the longstanding *Household International, Inc.* (N.D. Ill.) case settled for more than $1.5 billion, and the *Merck & Co., Inc.* (E.D. La.) case settled for slightly more than $1 billion.

Figure 25. **Average Settlement Value—Excluding Settlements over $1 Billion and Excluding IPO Laddering, Merger Objections, and Settlements for $0 to the Class**
January 1996–December 2016

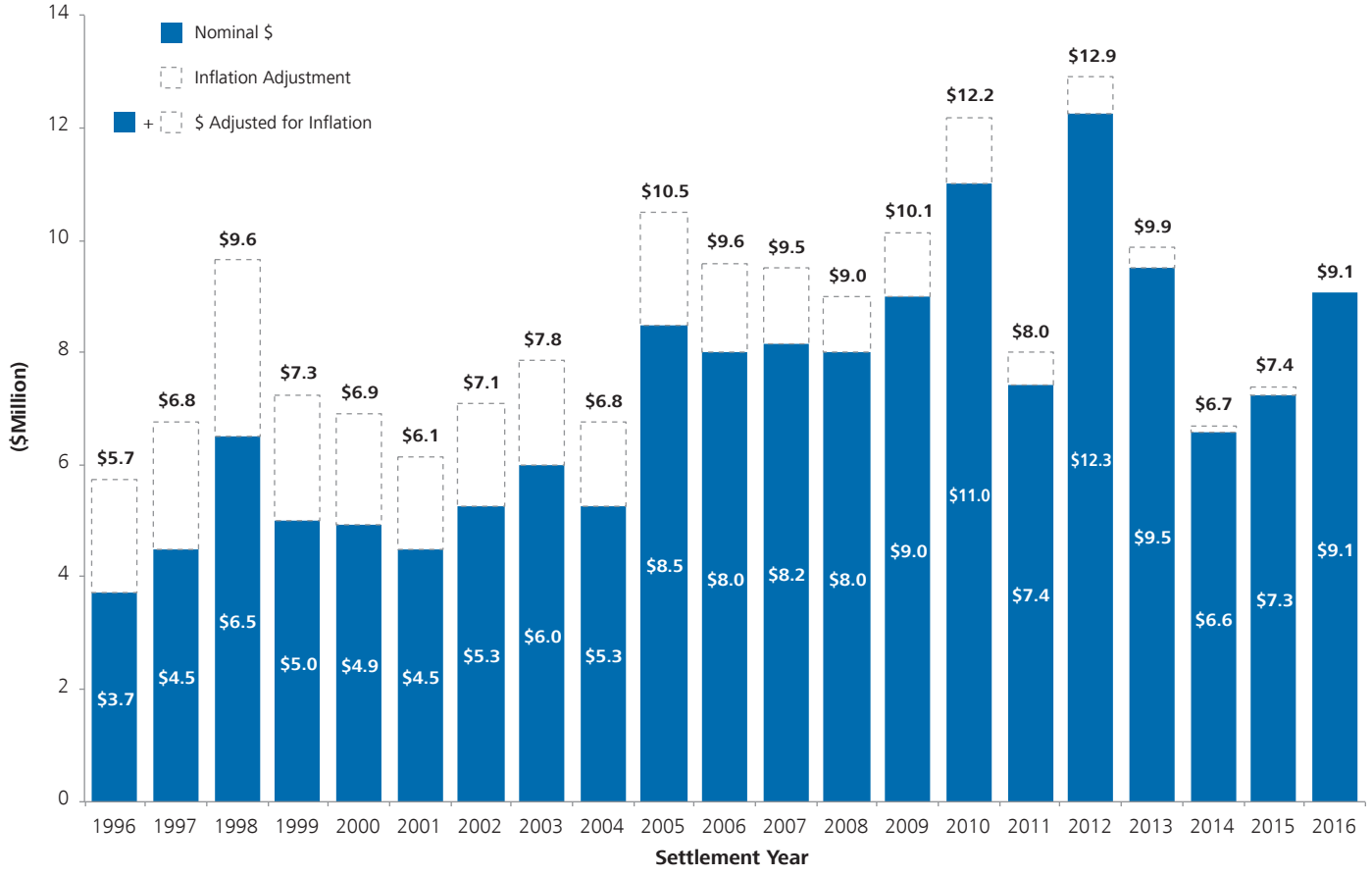


Inclusion of these two very large settlements pushed the overall 2016 average settlement amount up by more than 67%.

Even though the average settlement amount for each year has increased over the last two decades, cases have not become dramatically more expensive to settle across the board over the long term. The 2016 median settlement amount, or the amount that is larger than half of the settlement values over the year, is within the range of median settlements between 2005 and 2009, after adjusting for inflation (see Figure 26).

The ten-year trend in average and median settlements reflects two different facets of settlement activity: a few large settlements drove up the average, while many small settlements kept the median relatively stable.

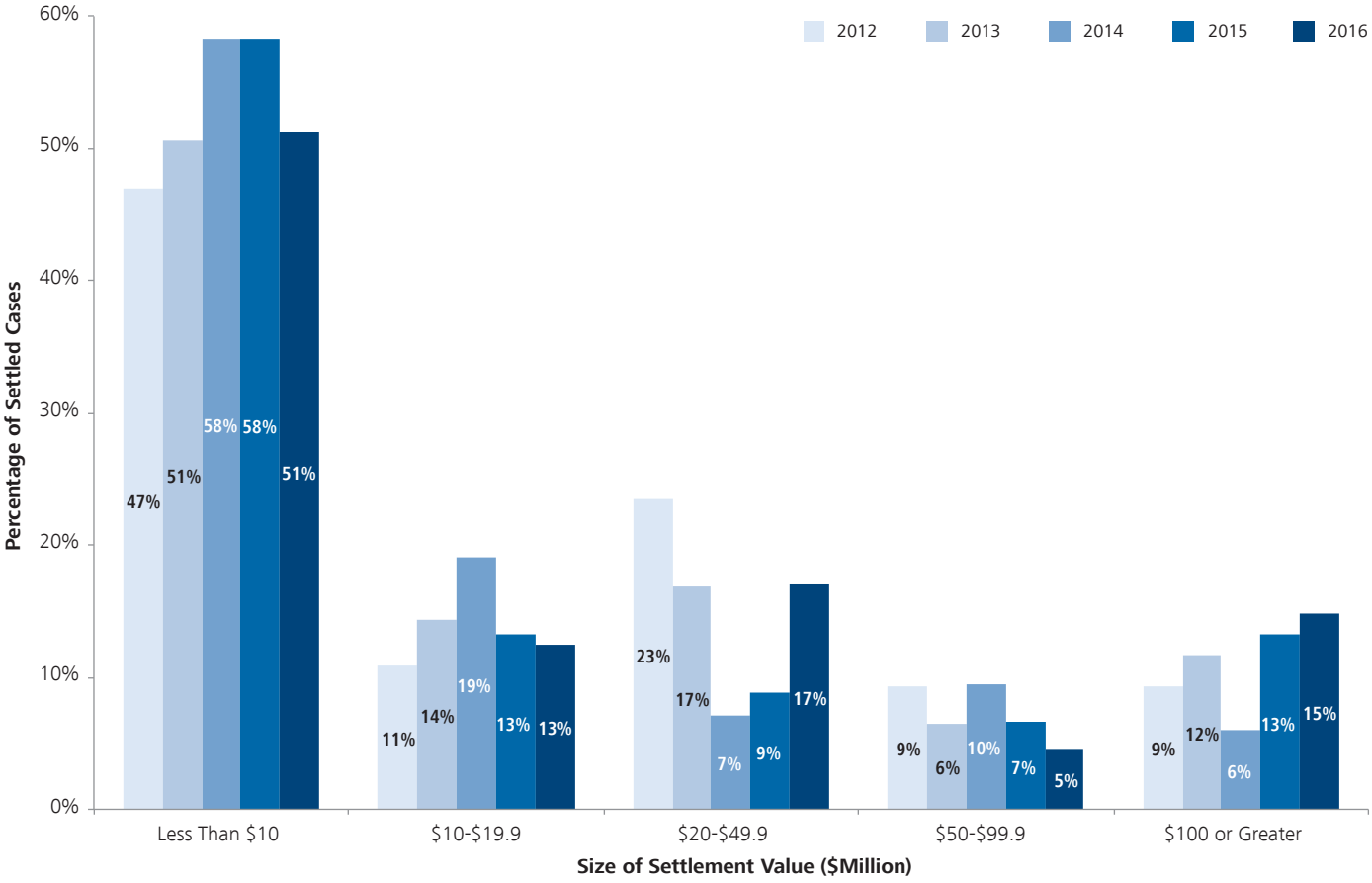
Figure 26. **Median Settlement Value—Excluding IPO Laddering, Merger Objections, and Settlements for $0 to the Class**
January 1996–December 2016



Distribution of Settlement Amounts

The second consecutive yearly jump in average settlement amounts was partially driven by settlements of an increasing number of cases for more than $100 million (see Figure 27). The fraction of cases that settled for more than $100 million reached nearly 15% in 2016, the highest since passage of the PSLRA.[34] While more than half of cases with a cash settlement in 2016 settled for less than $10 million, this represented a decrease from the previous two years as settlements shifted toward the middle and upper tail of the distribution.

Figure 27. **Distribution of Settlement Values—Excluding Merger Objections and Settlements for $0 to the Class**
January 2012–December 2016



The Ten Largest Settlements of Securities Class Actions of 2016

The 10 largest securities class action settlements of 2016 are shown in Table 1. Six of the 10 largest settlements involved defendants in the Finance sector, as was the case in 2015. Overall, these ten cases accounted for more than $4.8 billion out of about $6.4 billion in aggregate settlements (76%) over the period. The largest, *Household International, Inc.* (N.D. Ill.), settled for $1,576.5 million, making up nearly a quarter of total dollars spent on settling litigation during the year.

Until the later *Household International* settlement, the settlement of the *Merck & Co., Inc.* (E.D. La.) litigation for $1,062 million in early 2016 was also within the top 10 largest settlements on record. While large, these settlements are still only a fraction of the largest historical settlements. *Enron Corp.* settled for more than $7.2 billion in aggregate settlements, while *Bank of America Corp.* settled for more than $2.4 billion in 2013 and was largest Finance sector settlement ever (see Table 2).

Table 1. **Top 10 2016 Securities Class Action Settlements**

Ranking	Defendant	Total Settlement Value ($Million)	Plaintiffs' Attorneys' Fees and Expenses Value ($Million)
1	Household International, Inc.	$1,577	$427
2	Merck & Co., Inc. (2003)	$1,062	$232
3	Pfizer Inc. (2004)	$486	$171
4	Bank of America Corporation (2011) (MERS and MBS)	$335	$54
5	General Motors Company	$300	$22
6	GS Mortgage Securities Corp. (2008)	$272	$59
7	MF Global Holdings Ltd.	$234	N/A
8	Genworth Financial, Inc. (2014)	$219	$65
9	HCA Holdings, Inc.	$215	$67
10	JPMorgan Chase & Co.	$150	$40
	Total	**$4,850**	**$1,136**

Table 2. **Top 10 Securities Class Action Settlements**
As of 31 December 2016

Ranking	Defendant	Settlement Years	Total Settlement Value ($Million)	Settlements with Co-Defendants that Were		
				Financial Institutions Value ($Million)	Accounting Firms Value ($Million)	Plaintiffs' Attorneys' Fees and Expenses Value ($Million)
1	ENRON Corp.	2003-2010	$7,242	$6,903	$73	$798
2	WorldCom, Inc.	2004-2005	$6,196	$6,004	$103	$530
3	Cendant Corp.	2000	$3,692	$342	$467	$324
4	Tyco International Ltd.	2007	$3,200	No Co-Defendant	$225	$493
5	AOL Time Warner Inc.	2006	$2,650	No Co-Defendant	$100	$151
6	Bank of America Corp.	2013	$2,425	No Co-Defendant	No Co-Defendant	$177
7	Household International, Inc.	2006-2016	$1,577	$1.5	Dismissed	$427
8	Nortel Networks (I)	2006	$1,143	No Co-Defendant	$0	$94
9	Royal Ahold NV	2006	$1,100	$0	$0	$170
10	Nortel Networks (II)	2006	$1,074	No Co-Defendant	$0	$89
	Total		**$30,298**	**$13,250**	**$967**	**$3,252**

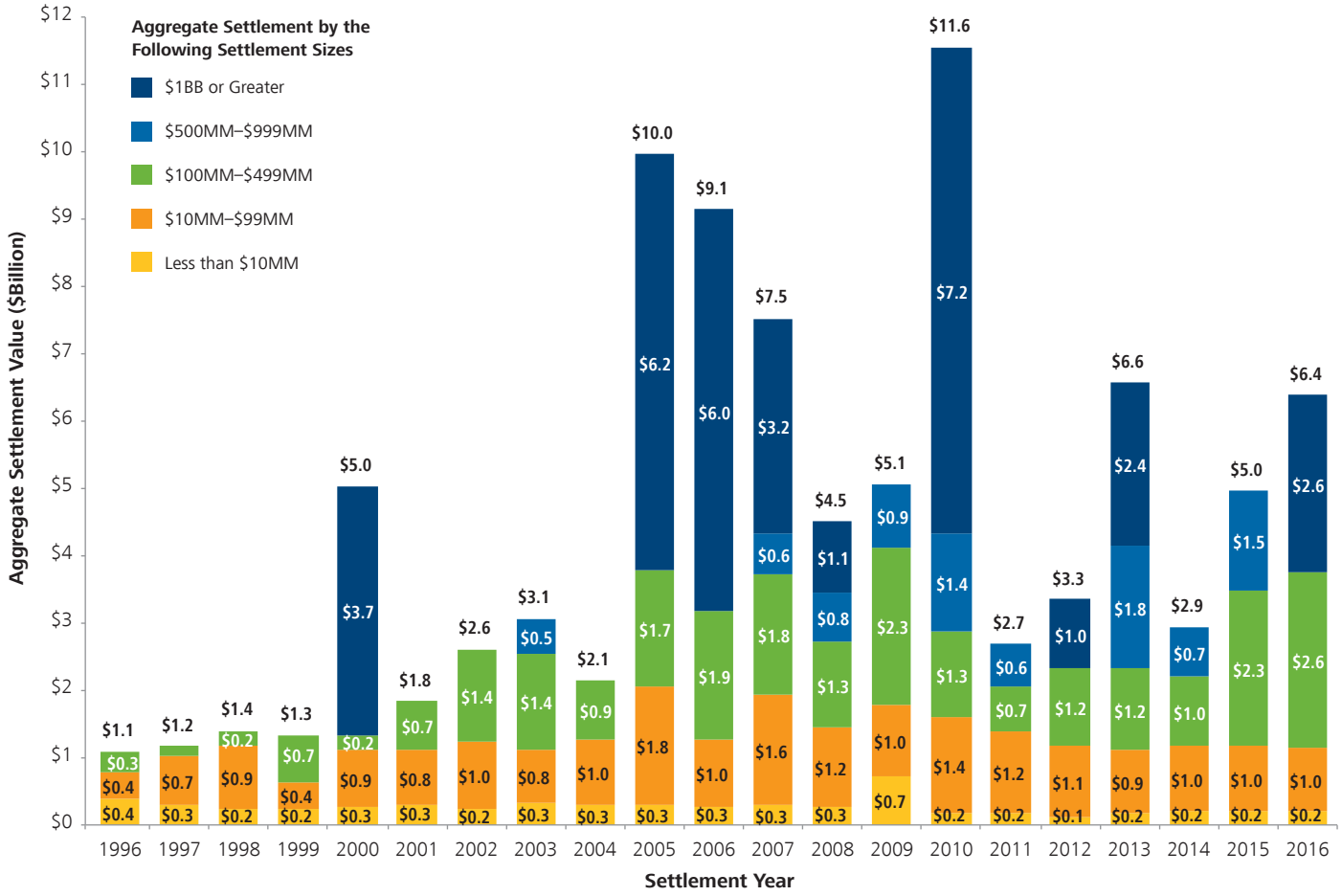
Aggregate Settlements

We use the term "aggregate settlements" to denote the total amount of money to be paid as settlement by (non-dismissed) defendants based on the court-approved settlements during a year.

Aggregate settlements were about $6.4 billion in 2016, a 28% increase from last year and more than double the amount in 2014 (see Figure 28). Although aggregate settlements are at their second highest level since 2010, this result was driven by the settlement of two longstanding very large cases; no cases settled for between $500 million and $1 billion.

Figure 28 reinforces the point that much of the large fluctuation in aggregate settlements, especially since 2005, are driven by cases that settle for more than $1 billion. In contrast, settlements under $10 million, despite often accounting for the majority of settlements in a given year, account for a very small fraction of aggregate settlements.

Figure 28. **Aggregate Settlement Value by Settlement Size**
January 1996–December 2016



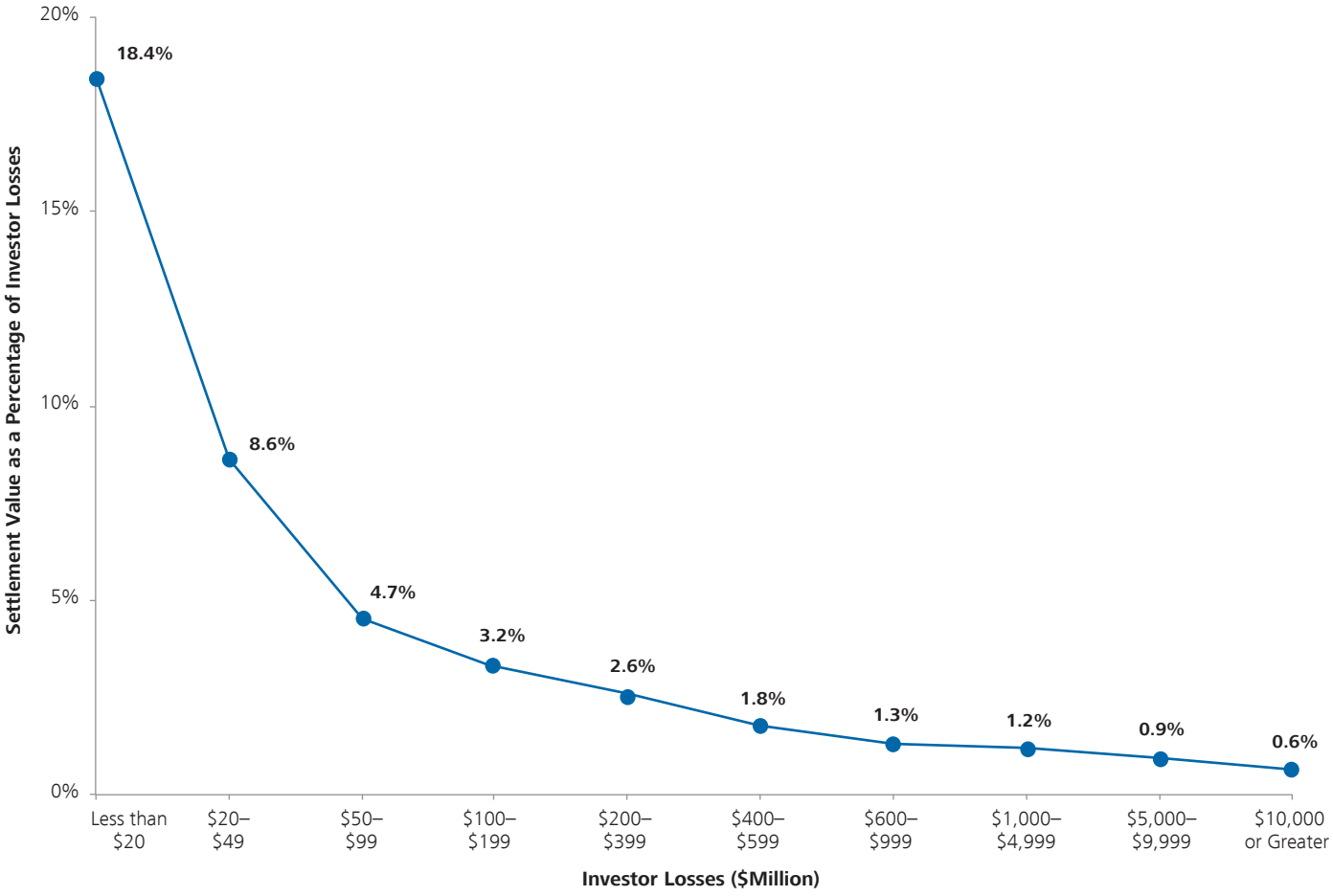
NERA-Defined Investor Losses vs. Settlements

As noted above, our proxy for case size, NERA-defined Investor Losses, is a measure of the aggregate amount that investors lost from buying the defendant's stock rather than investing in the broader market during the alleged class period.

In general, settlement size grows as NERA-defined Investor Losses grow, but the relation is not linear. Settlement size grows less than proportionately with Investor Losses, based on our analysis of data from 1996 to 2016. Small cases typically settle for a higher fraction of Investor Losses (i.e., more cents on the dollar) than larger cases. For example, the median ratio of settlement to Investor Loss was 18.4% for cases with Investor Losses of less than $20 million, while it was 0.6% for cases with Investor Losses over $10 billion (see Figure 29).

Our findings about the ratio of settlement amount to NERA-defined Investor Losses should not be interpreted as the share of damages recovered in settlement but rather as the recovery compared to a rough measure of the "size" of the case. Notably, the percentages given here apply *only* to NERA-defined Investor Losses. Use of a different definition of investor losses would result in a different ratio.

Figure 29. **Median of Settlement Value as a Percentage of NERA-Defined Investor Losses by Level of Investor Losses**
January 1996–December 2016



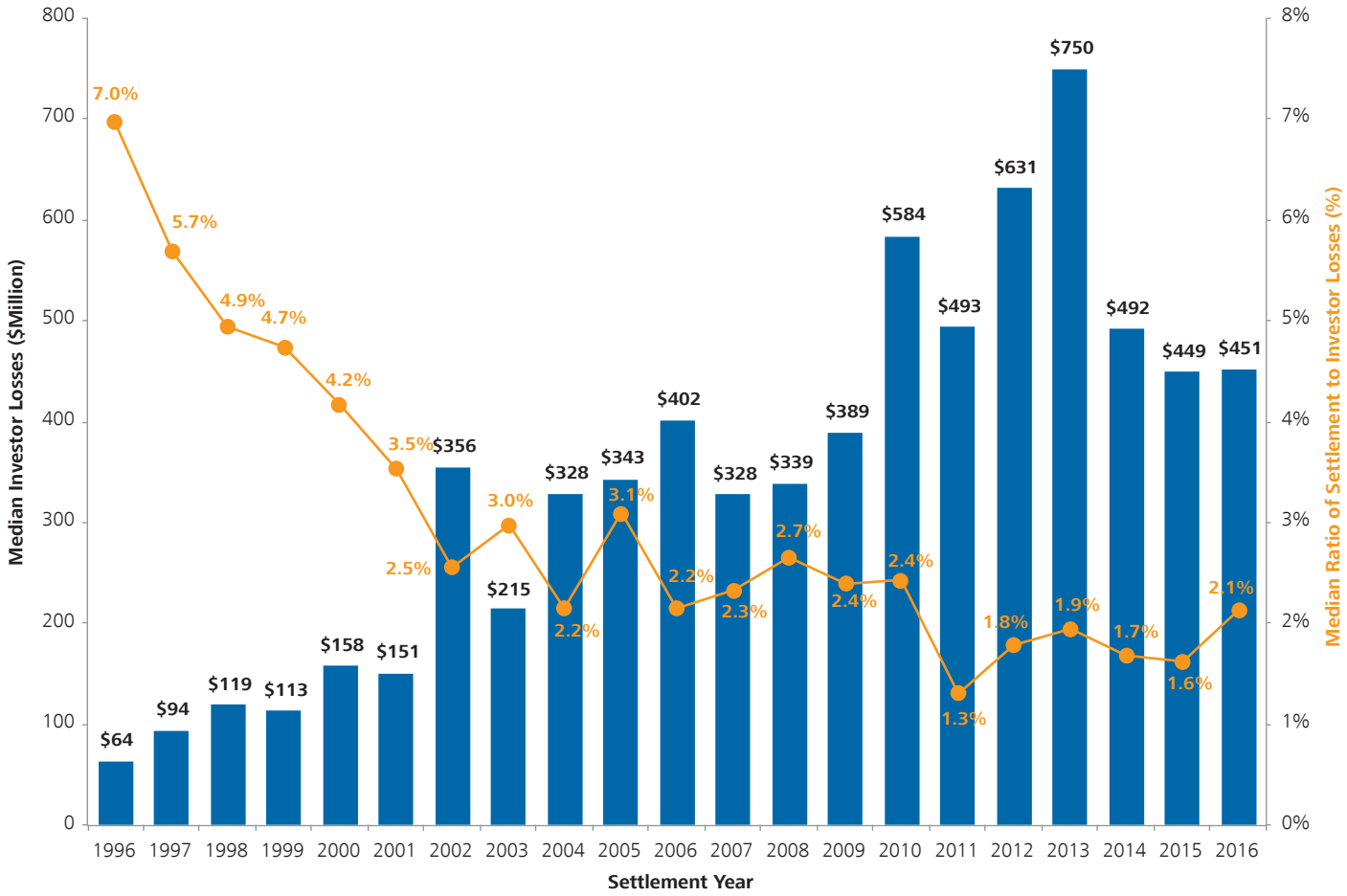
Note: Excludes settlements for $0 to the class.

Median NERA-Defined Investor Losses over Time

Median NERA-defined Investor Losses for settled cases have been on an upward trend since passage of the PSLRA. As described above, the median ratio of settlement size to Investor Losses generally decreases as Investor Losses increase. Over time, the increase in median Investor Losses has coincided with a decreasing trend in the median ratio of settlement to Investor Losses. Of course, there are year-to-year fluctuations.

As shown in Figure 30, the median ratio of settlements to NERA-defined Investor Losses was 1.6% in 2015. In 2016, the overall ratio increased to 2.1%, the highest level since 2010.

Figure 30. **Median NERA-Defined Investor Losses and Median Ratio of Settlement to Investor Losses by Settlement Year**
January 1996–December 2016



Explaining Settlement Amounts

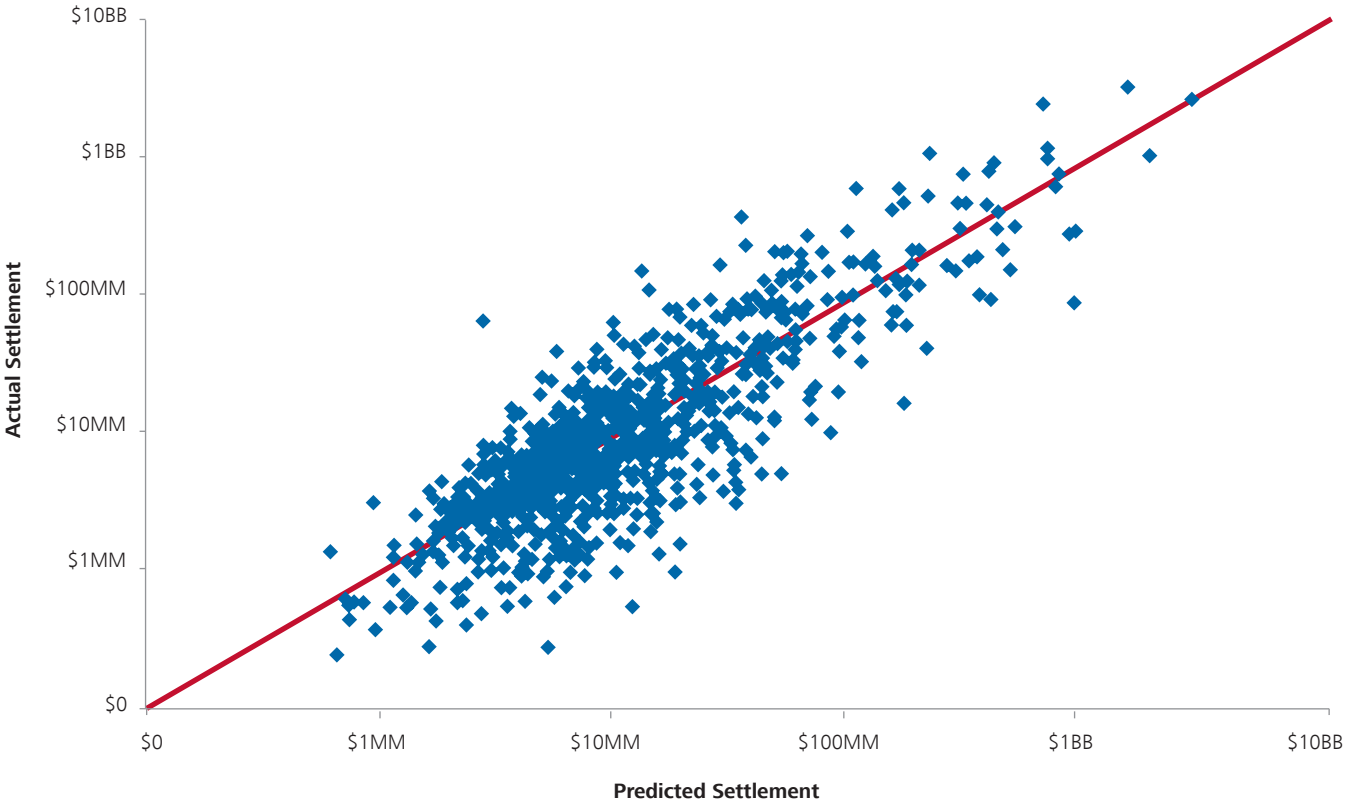
The historical relationship between case attributes and other case- and industry-specific factors can be used to measure the factors that are correlated with settlement amounts. NERA has examined settlements in more than 1,000 securities class actions and identified key drivers of settlement amounts, many of which have been summarized in this report.

Generally, we find that the following factors have historically been significantly correlated with settlements:

- NERA-defined Investor Losses (a proxy for the size of the case);
- The market capitalization of the issuer;
- Types of securities alleged to have been affected by the fraud;
- Variables that serve as a proxy for the "merit" of plaintiffs' allegations (such as whether the company has already been sanctioned by a governmental or regulatory agency or paid a fine in connection with the allegations);
- Admitted accounting irregularities or restated financial statements;
- The existence of a parallel derivative litigation; and
- An institution or public pension fund as lead plaintiff.

Together, these characteristics and others explain most of the variation in settlement amounts, as illustrated in Figure 31.[35]

Figure 31. **Predicted vs. Actual Settlements**



Plaintiffs' Attorneys' Fees and Expenses

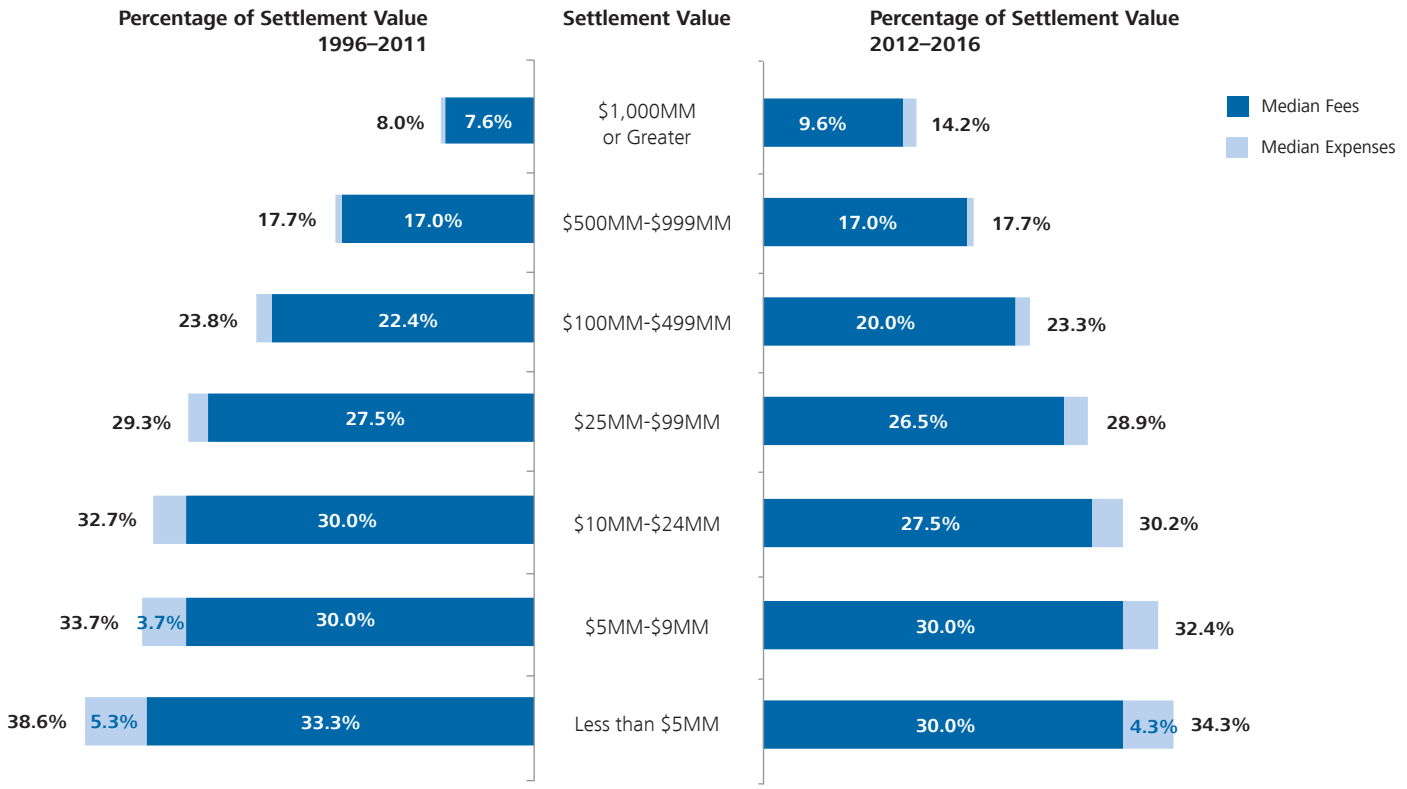
Usually, plaintiffs' attorneys' remuneration is determined as a fraction of any settlement amount in the form of fees, plus expenses. Figure 32 depicts plaintiffs' attorneys' fees and expenses as a proportion of settlement values over ranges of settlement amounts. The data shown in this figure excludes settlements for merger-objection cases and cases with no cash payment to the class.

A strong pattern is evident in Figure 32: typically, fees grow with settlement size but less than proportionally (i.e., the fee percentage shrinks as the settlement size grows).

To illustrate that the fee percentage typically shrinks as settlement size grows, we grouped settlements by settlement value and reported the median fee percentage for each group. While fees are stable at around 30% of settlements below $10 million, they clearly decline with settlement size.

We also observe that fee percentages have been decreasing over time, except for fees awarded on very large settlements. For settlements above $1 billion, fee rates have increased.

Figure 32. **Median of Plaintiffs' Attorneys' Fees and Expenses by Size of Settlement**



Notes: Excludes merger objections and settlements for $0 to the class.

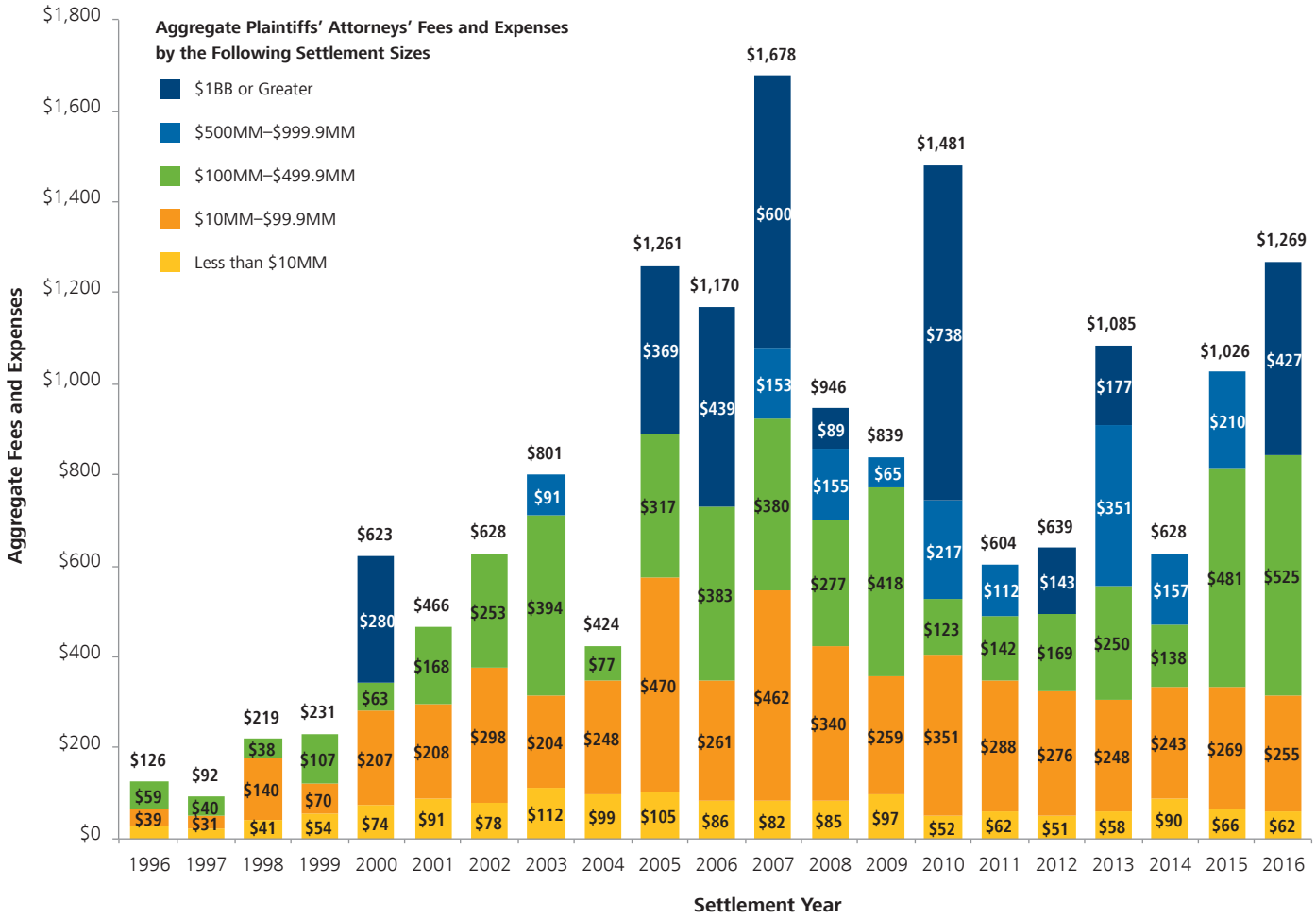
Aggregate Plaintiffs' Attorneys' Fees and Expenses

Aggregate plaintiffs' attorneys' fees and expenses are the sum of all fees and expenses received by plaintiffs' attorneys for all securities class actions that receive judicial approval in a given year.

In 2016, aggregate plaintiffs' attorneys' fees and expenses were $1.269 billion, an increase of nearly 24% over 2015 and mirroring the increase in settlement amounts discussed earlier (see Figure 33).

Note that this figure differs from the other figures in this section, because the aggregate includes fees and expenses that plaintiffs' attorneys receive for settlements in which no cash payment was made to the class.

Figure 33. **Aggregate Plaintiffs' Attorneys' Fees and Expenses by Settlement Size**
January 1996–December 2016



Trials

Very few securities class actions reach the trial stage and even fewer reach a verdict. Table 3 summarizes the outcome for all federal securities class actions that went to trial among almost 5,000 that were filed since the passage of the PSLRA. Only 21 cases have gone to trial, and only 16 have reached a verdict or a judgment.

In 2015, HSBC won a reversal of an earlier $2.46 billion judgment in a securities class action targeting Household International, a consumer finance business it acquired in 2003. In June 2016, shortly before a new trial was to begin, the case was settled for $1.575 billion.

Table 3. **Post-PSLRA Securities Class Actions that Went to Trial**
As of 31 December 2014

					Appeal and Post-Trial Proceedings	
Case Name	Federal Circuit	File Year	Trial Start Year	Verdict	Date of Last Decision	Outcome
Verdict or Judgment Reached						
In re Health Management, Inc. Securities Litigation	2	1996	1999	Verdict in favor of defendants	2000	Settled during appeal
Koppel, et al v. 4987 Corporation, et al	2	1996	2000	Verdict in favor of defendants	2002	Judgment of the District Court in favor of defendants was affirmed on appeal
In re JDS Uniphase Corporation Securities Litigation	9	2002	2007	Verdict in favor of defendants		
Joseph J Milkowski v. Thane Intl Inc, et al	9	2003	2005	Verdict in favor of defendants	2010	Judgment of the District Court in favor of defendants was affirmed on appeal
In re American Mutual Funds Fee Litigation	9	2004	2009	Judgment in favor of defendants	2011	Judgment of the District Court in favor of defendants was affirmed on appeal
Claghorn, et al v. EDSACO, Ltd., et al	9	1998	2002	Verdict in favor of plaintiffs	2002	Settled after verdict
In re Real Estate Associates Limited Partnership Litigation	9	1998	2002	Verdict in favor of plaintiffs	2003	Settled during appeal
In re Homestore.com, Inc. Securities Litigation	9	2001	2011	Verdict in favor of plaintiffs		
In re Apollo Group, Inc. Securities Litigation	9	2004	2007	Verdict in favor of plaintiffs	2012	Judgment of the District Court in favor of defendants was overturned and jury verdict reinstated on appeal; case settled thereafter
In re BankAtlantic Bancorp, Inc. Securities Litigation	11	2007	2010	Verdict in favor of plaintiffs	2012	Judgment of the District Court in favor of defendants was affirmed on appeal
In re Longtop Financial Technologies Securities Litigation	2	2011	2014	Verdict in favor of plaintiffs		
In re Clarent Corporation Securities Litigation	9	2001	2005	Mixed verdict		
In re Vivendi Universal, S.A. Securities Litigation	2	2002	2009	Mixed verdict		
Jaffe v. Household Intl Inc, et al	7	2002	2009	Mixed verdict		
In re Equisure, Inc. Sec, et al v., et al	8	1997	1998	Default judgment		
Settled with at Least Some Defendants before Verdict						
Goldberg, et al v. First Union National, et al	11	2000	2003	Settled before verdict		
In re AT&T Corporation Securities Litigation	3	2000	2004	Settled before verdict		
In re Safety Kleen, et al v. Bondholders Litigati, et al	4	2000	2005	Partially settled before verdict, default judgment		
White v. Heartland High-Yield, et al	7	2000	2005	Settled before verdict		
In re Globalstar Securities Litigation	2	2001	2005	Settled before verdict		
In re WorldCom, Inc. Securities Litigation	2	2002	2005	Settled before verdict		

Note: Data are from case dockets and news.

Notes

[1] This edition of NERA's report on recent trends in securities class action litigation expands on previous work by our colleagues Lucy Allen, Dr. Renzo Comolli, the late Dr. Frederick C. Dunbar, Dr. Vinita M. Juneja, Sukaina Klein, Dr. Denise Neumann Martin, Dr. Jordan Milev, Dr. John Montgomery, Robert Patton, Dr. Stephanie Plancich, and others. The authors also thank Dr. Stephanie Plancich for helpful comments on this edition. In addition, we thank Edward Flores and other researchers in NERA's Securities and Finance Practice for their valuable assistance. These individuals receive credit for improving this paper; all errors and omissions are ours.

[2] Data for this report are collected from multiple sources, including Institutional Shareholder Services Inc., complaints, case dockets, Dow Jones Factiva, Bloomberg Finance L.P., FactSet Research Systems, Inc., US Securities and Exchange Commission (SEC) filings, and public press reports.

[3] Craig Doidge, G. Andrew Karolyi, and René M. Stulz, "The U.S. Listing Gap," National Bureau of Economic Research Working Paper No. 21181, May 2015.

[4] *In re Trulia, Inc. Stockholder Litigation*, C.A. No. 10020-CB (Del. Ch. Jan. 22, 2016).

[5] "Global M&A Review: Full Year 2016 Final Results," Dealogic, January 2007.

[6] 2010 deal growth and litigation rates obtained from M. D. Cain and S. D. Solomon, "A Great Game: The Dynamics of State Competition and Litigation," *Iowa Law Review*, Vol. 100, No. 165, 2015, Table 1. 2016 M&A activity growth obtained from "Global M&A Review: Full Year 2016 Final Results," Dealogic, January 2007.

[7] M. D. Cain and S. D. Solomon, "A Great Game: The Dynamics of State Competition and Litigation," *Iowa Law Review*, Vol. 100, No. 165, 2015.

[8] M. D. Cain and S. D. Solomon, "Takeover Litigation in 2015," Berkeley Center for Law Business and the Economy, 14 January 2016.

Alison Frankel, "Forum Selection Clauses Are Killing Multiforum M&A litigation," *Reuters*, 24 June 2014.

[9] *In re Trulia, Inc. Stockholder Litigation*, C.A. No. 10020-CB (Del. Ch. Jan. 22, 2016), n. 36. The Seventh Circuit decision is *In re Walgreen Co. Stockholder Litigation*, No. 15-3799 (7th Cir. Aug. 10, 2016).

[10] M. D. Cain and S. D. Solomon, "Takeover Litigation in 2015," Berkeley Center for Law Business and the Economy, 14 January 2016.

[11] Daniel Wolf, "Whack-a-Mole: The Evolving Landscape in M&A Litigation Following Trulia," Harvard Law School Forum on Corporate Governance and Financial Regulation, 25 August 2016.

Donald H. Tucker Jr. and Clifton L. Brinson, "The Death of Merger Litigation?" Commercial & Business Litigation Committee, Section of Litigation, American Bar Association, 8 August 2016.

[12] Warren S. de Wied, "Delaware Forum Selection Bylaws After Trulia," Harvard Law School Forum on Corporate Governance and Financial Regulation, 25 February 2016.

[13] New York Superior Court decisions include: *In re Allied Healthcare Shareholder Litigation*, 2015 WL 6499467, (N.Y. Sup. Ct. Oct. 23, 2015) and *City Trading Fund v. Nye*, 2015 WL 93894 (N.Y. Sup. Ct. Jan. 7, 2015). As referenced in *In re Trulia, Inc. Stockholder Litigation*, C.A. No. 10020-CB (Del. Ch. Jan. 22, 2016), footnote 36. The Seventh Circuit decision is *In re Walgreen Co. Stockholder Litigation*, No. 15-3799 (7th Cir. Aug. 10, 2016).

[14] Robert Patton, "Recent Trends in US Securities Class Actions against Non-US Companies," NERA Working Paper, 24 October 2012, available at http://www.nera.com/publications/archive/2012/recent-trends-in-us-securities-class-actions-against-nonus-comp.html.

[15] Kane Wu, "U.S.-Listed China Firms Hurry Homeward," *The Wall Street Journal*, 17 November 2015.

[16] Andrew Bolger, "Warning signs appear after bumper IPO year," *Financial Times*, 26 December 2014.

[17] The calculation for these cases is somewhat different than for cases with 10b-5 claims.

[18] In 2016, 13 cases constituted the largest category of Investor Losses.

[19] Andrew Bolger, "U.S. Charges in Generic-Drug Probe to Be Filed by Year-End," *Bloomberg Markets*, 3 November 2016.

[20] Eric Kroh, "Poultry Producers Hit With Chicken Price Antitrust Suit," *Law360*, 3 September 2016.

[21] See *In re Allied Healthcare Shareholder Litigation*., 2015 WL 6499467 (N.Y. Sup. Ct. Oct. 23, 2015) and *City Trading Fund v. Nye* , 2015 WL 93894 (N.Y. Sup. Ct. Jan. 7, 2015). As referenced in footnote 36 of *In re Trulia, Inc. Stockholder Litigation*, C.A. No. 10020-CB (Del. Ch. Jan. 22, 2016).

[22] Fraser Tennant, "Global M&A activity down 18 percent in 2016 says new review," *Financier Worldwide*, 5 January 2017.

[23] For the purposes of this figure, we considered only co-defendants listed in the first identified complaint. Based on past experience, accounting co-defendants are sometimes added to or excluded from later complaints.

[24] *Janus Capital Group, Inc., et al. v. First Derivative Traders* (Docket No. 09-525)

[25] *Stoneridge Investment Partners v. Scientific-Atlanta, Inc.* (Docket No. 06-43)

[26] Deena Shanker, "Why America Pays 50% More for Chicken," *Bloomberg*, 28 September 2016.

[27] An alternative possibility is that once detected, full disclosure is made earlier, turning what would have been a "partial disclosure" into a complete disclosure.

[28] Douglas M. Boyle, James F. Boyle, and Brian W. Carpenter, "The SEC's Renewed Focus on Accounting Fraud, Insights and Implications for Auditors and Public Companies," *The CPA Journal*, February 2014.

[29] "SEC's New Whistleblower Program Takes Effect Today," US Securities and Exchange Commission, 12 August 2011.

[30] Outcomes of the motions for summary judgment are available from NERA but not shown in this report.

[31] Historically, merger-objection cases tend to be dismissed within 221 days, compared to an average of 638 days for other cases. Half of merger-objection cases have historically been dismissed within 125 days, versus 524 days for other cases.

[32] Svetlana Starykh and Stefan Boettrich, "Recent Trends in Securities Class Action Litigation: 2015 Full-Year Review," NERA Working Paper, 25 January 2016, available at http://www.nera.com/publications/archive/2016/2015-Securites-Trends-Report.html.

[33] Each of these analyses excludes IPO laddering cases and merger-objection cases because the former usually take much longer to resolve and the latter are usually much shorter to resolve.

[34] These settlements exclude those of merger-objection cases and in cases that settled with no cash payment to the class.

[35] The axes are in logarithmic scale, and the two largest settlements are excluded from this figure.

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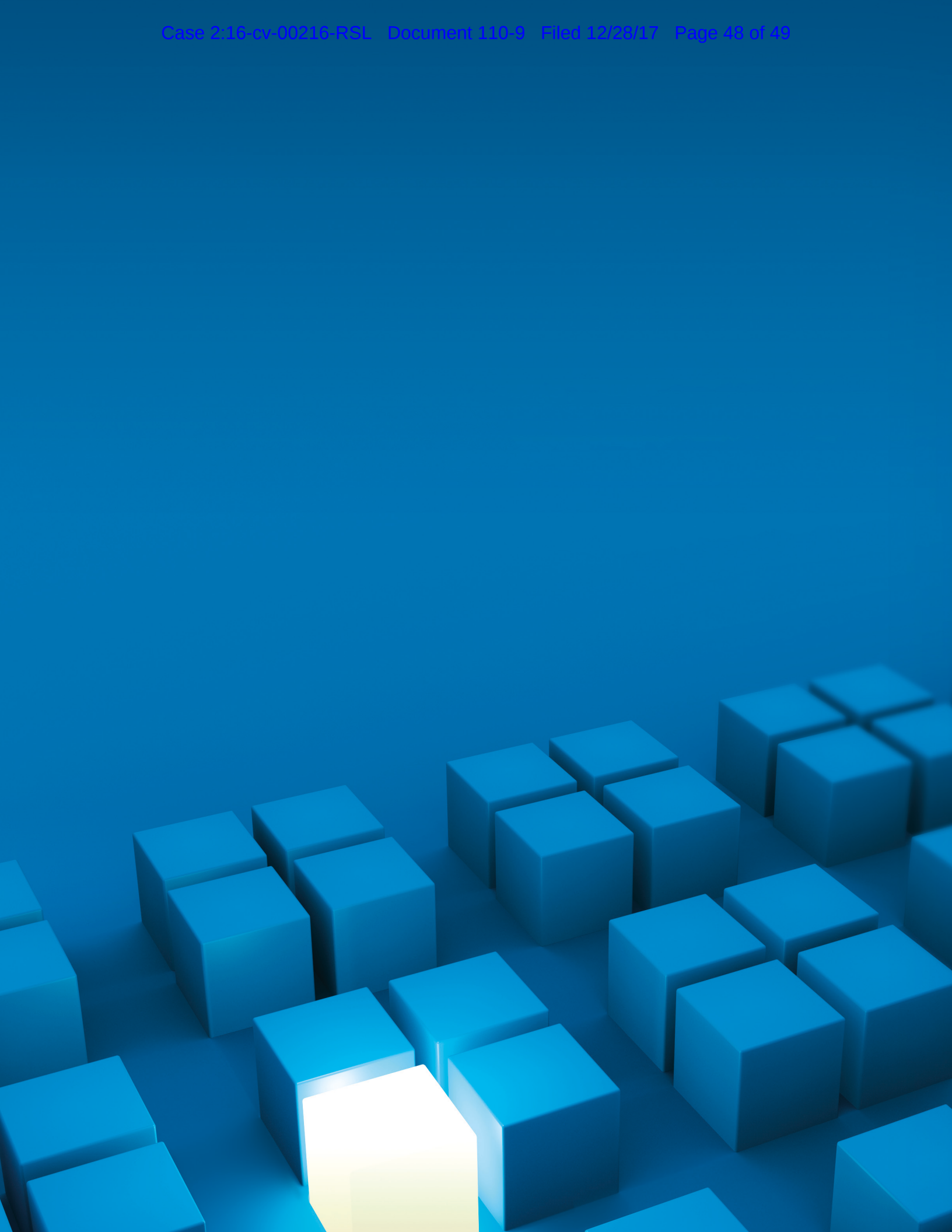
Contacts

For further information, please contact:

Dr. David Tabak
Managing Director
New York: +1 212 345 2176
david.tabak@nera.com

Stefan Boettrich
Senior Consultant
New York: +1 212 345 1968
stefan.boettrich@nera.com

Svetlana Starykh
Senior Consultant
New York: +1 212 345 8931
White Plains: +1 914 448 4123
svetlana.starykh@nera.com



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