

1 BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
2 DAVID R. STICKNEY (Bar No. 188574)
NIKI L. MENDOZA (Bar No. 214646)
3 TAKEO A. KELLAR (Bar No. 234470)
12481 High Bluff Drive, Suite 300
4 San Diego, CA 92130
Tel: (858) 793-0070
5 Fax: (858) 793-0323
davids@blbglaw.com
6 nikim@blbglaw.com
takeok@blbglaw.com

7 -and-

8 CHAD JOHNSON
1285 Avenue of the Americas, 38th Floor
New York, NY 10019
9 Tel: (212) 554-1400
Fax: (212) 554-1444
10 chad@blbglaw.com

11 Attorneys for Lead Plaintiff Teachers' Retirement
System of Oklahoma and Lead Counsel to the Class

12
13 UNITED STATES DISTRICT COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 SAN FRANCISCO DIVISION

16 In re CONNETICS SECURITIES
LITIGATION.

Case No. C 07-02940 SI

17
18 This Document Relates To:

19 ALL ACTIONS.

20
21
22
23
24
25
26
27
28
DECLARATION OF DAVID R.
STICKNEY IN SUPPORT OF
MOTION FOR FINAL APPROVAL OF
SETTLEMENT AND PLAN OF
ALLOCATION, AND MOTION FOR
APPROVAL OF ATTORNEYS' FEES
AND EXPENSES

TABLE OF CONTENTS

	<u>Page</u>
I. PRELIMINARY STATEMENT	1
II. HISTORY OF THE ACTION	3
A. Background.....	3
B. The Commencement And Consolidation Of The Class Actions And The Appointment Of Lead Plaintiff	4
C. Active Involvement Of Oklahoma Teachers	5
D. Preparation And Filing Of The Consolidated Complaints And Overcoming The Motions To Dismiss.....	5
1. The Consolidated Class Action Complaint And Transfer Motion	6
2. The Amended Consolidated Complaint.....	6
3. The Second Amended Complaint	7
E. Case Management Conferences.....	9
F. Discovery	10
G. Experts And Consultants.....	11
H. Class Certification.....	12
III. THE SETTLEMENT	13
A. Settlement Negotiations	14
B. Reasons For The Settlement	15
C. Notice To The Class Meets The Requirements Of Due Process And Rule 23 Of The Federal Rules Of Civil Procedure	17
D. Plan Of Allocation	17
IV. THE APPLICATION FOR ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES	18
A. Application For Attorneys' Fees.....	19
1. The Requested Fee Of 25% Of The Settlement Fund Is Fair And Reasonable.....	19
2. Standing And Expertise Of Lead Counsel	21

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

3. Standing And Caliber Of Opposing Counsel.....21

4. The Risks Of Litigation And The Need To
Ensure The Availability Of Competent
Counsel In High-Risk, Contingent Securities
Cases21

5. The Reaction Of The Class Further
Confirms That The Requested Fee Is
Reasonable22

B. Application For Reimbursement Of Expenses23

V. CONCLUSION.....25

1 I, David R. Stickney of the law firm Bernstein Litowitz Berger & Grossmann LLP (“Lead
2 Counsel”), submit this Declaration in support of: (a) final approval of the \$12.75 million cash
3 settlement (“Settlement”) reached between and among Lead Plaintiff, Teachers’ Retirement
4 System of Oklahoma (“Oklahoma Teachers” or “Lead Plaintiff”), acting on behalf of itself and
5 all Class Members in the above-titled action, and defendants Connetics Corporation (“Connetics”
6 or the “Company”)¹, and Thomas G. Wiggans (“Wiggans”), Gregory Vontz (“Vontz”), John
7 Higgins (“Higgins”) and Lincoln Krochmal (“Krochmal”) (the “Individual Defendants”
8 collectively with Connetics, the “Defendants”); (b) approval of Lead Plaintiffs’ proposed plan of
9 allocation of the settlement proceeds (“Plan of Allocation”); and (c) approval of Lead Counsel’s
10 motion for approval of attorneys’ fees and expenses.

11 **I. PRELIMINARY STATEMENT**

12 1. I have been actively involved in the prosecution of this action, am familiar with
13 its proceedings, and have personal knowledge of the matters set forth herein based upon my
14 active supervision and participation in all material aspects of the litigation. Unless otherwise
15 indicated, the statements in this declaration are made based on my personal knowledge, and if
16 called to do so, I could and would testify competently thereto.

17 2. The purpose of this declaration is to set forth the background of the action, its
18 procedural history, the factual investigation and prosecution, and the negotiations that led to the
19 Settlement. This declaration demonstrates why the Settlement is fair, reasonable and adequate
20 and should be approved by the Court, why the Plan of Allocation is fair and reasonable, and why
21 Lead Counsel’s fee and expense request is reasonable and should be approved by the Court.

22 3. The Settlement, reached after over two years of prosecution and extensive
23 negotiations, is for a total of \$12.75 million in cash (plus interest) as set forth in the Stipulation
24 of Settlement filed with the Court and dated July 10, 2009 (the “Stipulation”) [Dkt. No. 190]. As
25 detailed below, the Settlement is consistent with the mediator’s recommendation and is an
26 excellent result for the Class given the amount of the Settlement and the risks of continued
27

28 ¹ Connetics has been acquired twice since the case began, first by Stiefel Laboratories, Inc. in
December 2006, and later by GlaxoSmithKline in April 2009.

1 litigation.

2 4. The litigation against Defendants commenced on or about October 31, 2006. As
3 summarized below, Lead Plaintiff's efforts in prosecuting the claims to the point of settling for
4 \$12.75 million required, among other things: (i) drafting of a detailed amended consolidated
5 complaint and the Second Amended Complaint after review and analysis of the Company's SEC
6 filings, annual reports, and other public statements, and interviews with confidential witnesses;
7 (ii) extensive briefing on Defendants' motions to dismiss; (iii) obtaining evidence through
8 discovery, including a substantial number of documents produced by Defendants and third
9 parties; (iv) responding to discovery propounded by Defendants, including the depositions of
10 Lead Plaintiff's designated witnesses; (v) advocating to obtain a prompt trial date; (vi) consulting
11 with experts; (vii) reviewing and analyzing potential sources of recovery; (viii) overcoming
12 Defendants' opposition to Lead Plaintiff's motion for class certification; and (ix) drafting a
13 detailed mediation statement and preparing for and participating in mediation.

14 5. Lead Counsel also performed additional analyses and valuations of the claims and
15 risks presented, and retained and conferred with an experienced damages consultant regarding
16 the potential scope of class-wide damages. The Settlement, therefore, was reached at a time
17 when Lead Plaintiff and Lead Counsel were fully cognizant of the strengths and weaknesses of
18 the case and the risks of continued litigation.

19 6. In addition, settlement negotiations were closely supervised by the Honorable
20 Daniel Weinstein (Ret.), and included an arm's-length mediation session between Lead Counsel
21 and counsel for Defendants on March 2, 2009, in San Francisco. The negotiations required
22 careful analyses of complex factual and legal issues. During the mediation, the parties reached
23 an impasse, and no settlement was reached. Following the mediation, Judge Weinstein remained
24 in communication with the parties about the case and prospects for a potential settlement. The
25 parties continued to actively litigate the action and conduct discovery. Ultimately, the parties
26 agreed to settle the case for \$12.75 million in cash. The \$12.75 million was deposited into an
27 escrow account on or about July 30, 2009, and has been earning interest for the benefit of the
28 Class.

1 7. The deadline for submitting objections to the Settlement is September 30, 2009.
2 Notably, following the publication of notice in *The Investor's Business Daily*, the posting of
3 notice on Lead Counsel's and the claim administrator's websites, and the mailing of at least
4 47,376 Notices, no Class Member has objected to date to any aspect of the Settlement, the Plan
5 of Allocation or Lead Counsel's application for an award of attorneys' fees and expenses as of
6 the date of this declaration.

7 8. This Declaration describes the following: (a) the background of the litigation, and
8 the results of those efforts (¶¶10-47); (b) the Settlement and the risks considered in determining
9 that the Settlement provided an excellent recovery for the class (¶¶48-63); (c) the Plan of
10 Allocation and the basis for it (¶¶64-68); and (d) Lead Counsel's fee and expense application
11 (¶¶69-95).

12 **II. HISTORY OF THE ACTION**

13 9. The following is a summary of the principal events during the course of this
14 action.

15 **A. Background**

16 10. This is a securities fraud class action against Defendants for alleged violations of
17 §§ 10(b) and 20(a) of the Exchange Act arising from Defendants' alleged false and misleading
18 statements regarding the development of Velac Gel, the Company's highly-publicized new acne
19 medication, without disclosing material information about an important carcinogenicity test
20 required by the Food and Drug Administration ("FDA"), and Defendants' alleged false
21 accounting for reserves and channel stuffing.

22 11. Connetics was a pharmaceutical company that developed and marketed
23 dermatological products to treat various skin conditions, including acne. As set forth in the
24 Second Amended Complaint (the "Complaint"), before the start of the Class Period, the
25 Company acquired the rights to Velac Gel, a purportedly "safe and effective" acne treatment that
26 had yet to undergo the required testing for, or to obtain approval from, the FDA. During
27 Connetics' testing of Velac, the drug failed an important FDA-required test, a laboratory study
28 on mice known as a Tg.AC mouse dermal carcinogenicity study (the "Mouse Study"). The

1 Complaint alleges that Defendants misled investors about the safety of Velac and the prospects
2 for FDA approval while knowing that Velac had failed the Mouse Study for nearly a year,
3 concealing that Velac caused tumors in transgenic mice at such an alarming rate that Connetics'
4 own panel of experts concluded that no drug exhibiting such tumor-causing properties had ever
5 been approved by the FDA.

6 12. In addition, the Complaint alleges that Defendants also issued false financial
7 statements throughout the Class Period that misstated the Company's earnings. The Complaint
8 alleges that Connetics intentionally "sold" excess inventory to its three main distributors – a
9 practice called "channel stuffing" – and also understated Connetics' reserves in violation of
10 Generally Accepted Accounting Principles ("GAAP"). Defendants also allegedly made false and
11 misleading statements specifically assuring investors that distributors' inventory levels were not
12 inflated. Ultimately, Connetics announced that the Company would restate its prior financial
13 statements and that its then-current financial results were far below expectations because the
14 Company had to reduce inventory levels at its distributors.

15 13. As set forth in the Complaint, the alleged false and misleading statements inflated
16 the price of Connetics' securities and when the truth was revealed in a series of disclosures,
17 investors who purchased the securities during the Class Period suffered damages.

18 14. Throughout the litigation, Defendants denied the Complaint's allegations,
19 contending that their statements were and not false or misleading and that Lead Plaintiff lacked
20 evidence of scienter and loss causation.

21 **B. The Commencement And**
22 **Consolidation Of The Class Actions**
23 **And The Appointment Of Lead Plaintiff**

24 15. Beginning on or about October 31, 2006, various investors filed class actions
25 against Connetics, Wiggans, Vontz and Alexander Yaroshinsky ("Yaroshinsky") in the Southern
26 District of New York, docket numbers 06-11496 and 06-12875.

27 16. On or about November 17, 2006, applicants for appointment as lead plaintiff and
28 lead counsel filed motions under § 21D(a)(3)(B) of the Exchange Act. Congress enacted the lead
29 plaintiff provisions of the Private Securities Litigation Reform Act of 1995 ("PSLRA") in large

1 part because it wanted institutional investors to step forward and serve as lead plaintiffs in
2 securities class actions. *See* House Conference Report No. 104-369, 104 Cong. 1st Sess. at 34
3 (1995). Consistent with that Congressional goal, Oklahoma Teachers filed its motion to
4 consolidate the actions, for its appointment as lead plaintiff in the consolidated action, and for
5 the approval of Bernstein Litowitz Berger & Grossmann LLP as lead counsel.

6 17. By Order dated December 14, 2006, the Southern District of New York
7 consolidated the two actions and appointed the Oklahoma Teachers as the Lead Plaintiff, and
8 approved Lead Plaintiff's selection of Bernstein Litowitz Berger & Grossmann LLP ("Lead
9 Counsel") as Lead Counsel. The Court found that "in light of the large financial interest
10 Oklahoma Teachers possesses in the present litigation, there is sufficient guarantee that
11 Oklahoma Teachers will vigorously prosecute the class's claims." December 14, 2006 Order,
12 Dkt. No. 32.

13 **C. Active Involvement Of Oklahoma Teachers**

14 18. Lead Plaintiff Oklahoma Teachers is a government-sponsored retirement plan that
15 provides retirement, disability and survivor benefits to thousands of employees of Oklahoma
16 public schools and other state-supported educational institutions. Throughout the course of the
17 litigation, Oklahoma Teachers has actively represented the interests of the class. Oklahoma
18 Teachers has supervised and monitored the progress of this litigation and actively participated in
19 the case, including reviewing pleadings submitted in this matter; receiving regular status reports
20 from Lead Counsel; participating in document and written discovery in this case; and
21 participating in and supervising settlement negotiations, including in-person participation by
22 Oklahoma Assistant Attorney General, David Kinney, in the March 2, 2009 mediation session in
23 San Francisco.

24 **D. Preparation And Filing Of The Consolidated**
25 **Complaints And Overcoming The Motions To Dismiss**

26 19. Lead Counsel engaged in an intensive investigation to satisfy the requirements of
27 Rule 9(b) of the Federal Rules of Civil Procedure and the heightened pleading standards imposed
28 by the PSLRA. Lead Counsel thoroughly reviewed and analyzed all publicly available

1 information regarding Connetics, including, but not limited to, its SEC filings and financial
2 statements, press releases, reports about the Company in the media and analyst reports;
3 interviewed former employees and other witnesses; and consulted with accountants and other
4 experts to analyze the accounting, the FDA drug testing and approval process and other issues
5 involved in the case.

6 **1. The Consolidated Class Action**
7 **Complaint And Transfer Motion**

8 20. On February 14, 2007, Lead Plaintiff filed a consolidated class action complaint
9 against the Company, Higgans, Wiggans, Vontz, Krochmal, Yaroshinsky, Victor Zak (“Zak”),
10 certain Company directors, certain underwriters, and Ernst & Young LLP in the Southern
11 District of New York. The consolidated complaint asserted claims under §§ 10(b), 20(a) and
12 20A of the Exchange Act, and §§ 11 and 15 of the Securities Act of 1933 (“Securities Act”).

13 21. On March 5, 2007, Defendants moved to transfer the case to the Northern District
14 of California. On March 30, 2007, Lead Plaintiff filed its opposition to the motion to transfer.
15 By order dated May 23, 2007, the consolidated case was transferred to this Court where it was
16 docketed as case number 07-02940.

17 **2. The Amended Consolidated Complaint**

18 22. On June 28, 2007, Lead Plaintiff filed an amended consolidated complaint against
19 the Company, Wiggans, Higgins, Vontz, Krochmal, Yaroshinsky and Zak [Dkt. No. 12]. The
20 amended consolidated complaint asserted claims under §§ 10(b), 20(a) and 20A of the Exchange
21 Act. Specifically, the amended consolidated complaint included claims brought pursuant to
22 § 10(b) of the Exchange Act and Rule 10b-5(b) promulgated thereunder, on behalf of Lead
23 Plaintiff and all other members of the Class, against Defendants Connetics, Wiggans, Higgins,
24 Vontz, Krochmal, Yaroshinsky and Zak, alleging that Connetics’ and the Insider Defendants’
25 false and misleading statements and omissions were made with scienter and were intended to and
26 did, (i) deceive the investing public, including Lead Plaintiff and the other members of the Class;
27 (ii) artificially create, inflate and maintain the market for and market price of the Company’s
28 securities; and (iii) cause Lead Plaintiff and the other members of the Class to purchase the

1 Company's securities at inflated prices. Further, the amended consolidated complaint alleged
2 that during the Class Period, Defendants traded in Connetics securities while in possession of
3 material, adverse, non-public information in violation of § 10(b), Rule 10b-5 and § 20A. The
4 amended consolidated complaint also alleged claims against Wiggans, Higgins and Vontz as
5 controlling persons of Connetics within the meaning of § 20(a) of the Exchange Act.

6 23. On August 13, 2007, Zak filed an Answer to the amended consolidated complaint
7 [Dkt. No. 20]. The remaining Defendants filed motions to dismiss, motions to strike, and
8 motions for judicial notice [Dkt. Nos. 22, 24, 27, 29, 31, 38, 41]. Among other arguments,
9 Defendants' motions to dismiss contended that the Lead Plaintiff lacked standing to assert claims
10 related to Velac because of the timing of its transactions in Connetics' securities. Defendants
11 Yaroshinsky and Zak also moved to strike certain portions of the amended consolidated
12 complaint [Dkt. No. 27].

13 24. On September 17, 2007, Lead Plaintiff filed oppositions to Defendants' motions
14 [Dkt. Nos. 42, 43, 44, 45, 47, 74, 79], and Defendants filed reply briefs on October 4, 2007 [Dkt.
15 Nos. 49, 50, 52, 54, 56, 66]. Following a hearing on October 19, 2007, the Court granted
16 Defendants' motion to strike certain portions of the complaint, and as a result, also granted
17 Defendants' motions to dismiss. The Court afforded Lead Plaintiff with leave to amend the
18 complaint [Dkt. No. 83].

19 **3. The Second Amended Complaint**

20 25. Lead Plaintiff undertook further investigation following dismissal of the amended
21 consolidated complaint. Lead Counsel's investigation included, among other things: (i)
22 interviews of former employees of Connetics and other percipient witnesses; (ii) a review of
23 filings by Connetics with the SEC, Company press releases and statements, and Company
24 conference call transcripts; (iii) a review of court filings in the action styled *United States*
25 *Securities and Exchange Commission v. Alexander J. Yaroshinsky, et al.*, 06-CV-2401-CM,
26 including sworn statements therein; (iv) media and analyst research reports; (v) consultation with
27 experts; (vi) consultation with the Company that conducted much of the early validation work that
28 led to the FDA's acceptance of the Tg.AC mouse model, BioReliance Corporation; and (vii)

1 review of literature concerning the Tg.AC mouse study. The investigation also included
2 contacting attorneys for the SEC concerning the investigation into the Company, a request of
3 records from the Food and Drug Administration pursuant to the Freedom of Information Act, 5
4 U.S.C. § 552, and contacting members of the Company's panel of experts convened on
5 June 28, 2004.

6 26. On March 14, 2008, Lead Plaintiff filed the Second Amended Complaint, alleging
7 claims against the Defendants named therein under §§ 10(b), 20(a), and 20A of the Exchange
8 Act. Following briefing on Defendants' second round of motions to dismiss, motion to strike,
9 and request for judicial notice [Dkt. Nos. 93, 94, 96, 98, 101, 103, 106, 107, 110, 111, 112, 115,
10 116, 118, 119, 120, 121], by Order dated August 14, 2008 [Dkt. No. 126], the Court granted in
11 part and denied in part Defendants' motions to dismiss and denied Defendants' motions to strike.

12 27. In ruling on the motions, the Court sustained Lead Plaintiff's § 10(b) claims
13 against Connetics, Wiggans, Higgins, Vontz and Krochmal. In pertinent part, the Court
14 sustained claims based on defendants' statements about the safety of Velac that were made after
15 June 2004 and also found that the facts strongly infer scienter with regard to Defendants' false
16 and misleading statements about Velac. The Court also sustained claims based on Defendants'
17 statements about Velac made after April 13, 2005, including those made during the Annual
18 Analyst and Investor Day on April 14 and those made in an April 26, 2005 press release that
19 only partially disclosed the truth about Velac. The Court also sustained claims based on
20 Defendants' violations of GAAP and channel stuffing. In addition to sustaining § 10(b) claims,
21 the Court sustained § 20(a) claims against Wiggans, Higgins and Vontz for control-person
22 liability. The Court also denied the motions to strike, finding that Lead Plaintiff and Lead
23 Counsel had undertaken an appropriate investigation into the allegations set forth in the Second
24 Amended Complaint pursuant to the PSLRA and Fed. R. Civ. P. 11.

25 28. The Court's August 14, 2008 Order dismissed certain claims, narrowing the
26 remaining case. In particular, the Court dismissed claims based on Defendants' statements that
27 were made before April 13, 2005, the date of a conference call between Company representatives
28 and the FDA concerning FDA approval of Velac. In addition, the Court dismissed the § 20A

1 claims against Wiggins, Vontz and Higgans, and dismissed the claims against Yaroshinsky and
2 Zak with leave to amend.

3 29. Lead Plaintiff thereafter provided notice that it would, without amending its
4 complaint, proceed under the Second Amended Complaint in accordance with the Court's
5 August 14, 2008 Order [Dkt. No. 129]. The Court's Order lifted the automatic stay of discovery
6 that applied during the pendency of defendants' motions to dismiss. Defendants filed an Answer
7 to the Complaint on October 6, 2008 [Dkt. No. 132].

8 **E. Case Management Conferences**

9 30. Following the Court's August 14, 2008 Order, the parties conducted a conference
10 pursuant to Federal Rule of Civil Procedure 26(f). Lead Counsel and counsel for Defendants
11 conferred extensively to draft a joint statement addressing a wide range of case management
12 issues, including competing views of a pretrial schedule, the early disclosure of damage
13 calculations, appropriate limits on discovery and the production of electronically-stored
14 information. On November 7, 2008, the parties submitted a Joint Case Management Conference
15 Statement [Dkt. No. 140].

16 31. On November 14, 2008, counsel for the parties appeared before the Court for an
17 Initial Case Management Conference, at which time the Court set a briefing schedule for Lead
18 Plaintiff's motion for class certification, and indicated that the Court would set a pretrial
19 schedule following the hearing on the motion for class certification [Dkt. No. 141].

20 32. On November 18, 2008, the Court scheduled a further case management
21 conference. In advance of the further case management conference, the parties again conferred
22 extensively to draft a joint statement addressing case management issues, including competing
23 views of a pretrial schedule. On April 27, 2009, the parties filed a joint case management
24 statement, which updated the Court as to the progress and status of the action and included the
25 parties' competing proposed pre-trial schedules [Dkt. No. 175]. On May 8, 2009, counsel for
26 the parties appeared before the Court for a case management conference. The Court thereafter
27 issued a Pretrial Preparation Order setting forth certain discovery deadlines, including a
28 discovery cut-off of October 30, 2009; certain deadlines for pretrial disclosures and pretrial

1 motions; a deadline for amending the pleadings; a deadline for briefing and a hearing date for
2 Lead Plaintiff's motion for class certification; and setting a final pretrial conference for June
3 2010 [Dkt. No. 185].

4 **F. Discovery**

5 33. At the outset of the litigation, the PSLRA's automatic stay of discovery prevented
6 Lead Plaintiff from obtaining formal discovery during the pendency of the motions to dismiss.
7 During the stay, Lead Counsel identified and interviewed witnesses who provided relevant
8 information supporting Lead Plaintiff's claims.

9 34. After the stay was lifted, Lead Counsel pursued extensive discovery from
10 Defendants and key non-parties. Such discovery included, for example, (a) preparing and
11 serving document requests to Defendants; (b) preparing and serving subpoenas to non-party
12 witnesses to obtain documents; (c) meeting and conferring with recipients of document requests;
13 and (d) obtaining, organizing and analyzing a substantial volume of documents produced by
14 Defendants and third parties.

15 35. On September 23, 2008, Lead Plaintiff served its First Request for the Production
16 of Documents to Defendants. Thereafter, Lead Counsel participated in numerous meet-and-
17 confer sessions with Defendants' counsel regarding the scope of production and Defendants'
18 objections. Counsel for the Defendants advocated for limitations on discovery. Accordingly, the
19 parties had numerous disagreements regarding the scope of discovery and timing of productions.
20 It was also necessary for the parties to agree on the terms of a stipulation to govern the treatment
21 of confidential information that the parties expected would be produced in the case. The parties
22 participated in discussions regarding the scope of the protective order, and filed a stipulated
23 protective order which was approved by the Court on November 5, 2008 [Dkt. No. 139].

24 36. In advance of the mediation with Judge Weinstein, after extensive negotiations as
25 to the scope of the production, Lead Counsel obtained critical core documents from Defendants
26 and third parties, including material provided to the SEC (including documents and deposition
27 transcripts), and continued to pursue production of additional documents. All told, Lead Counsel
28 and Lead Plaintiff obtained valuable information regarding the allegations in the Second

1 Amended Complaint and the defenses asserted by Defendants.

2 37. In addition, Lead Plaintiff also propounded discovery and obtained documents
3 from key non-parties, including Connetics' auditor Ernst & Young LLP; the Company's product
4 distributors McKesson Corporation and Amerisource Bergen Corporation; the FDA; members of
5 the Company's expert panel; and numerous financial analysts firms that covered Connetics
6 securities during the Class Period. Lead Counsel engaged in numerous conferences with most of
7 the subpoenaed third parties to discuss those third parties' objections to the subpoenas, to
8 negotiate the scope of the subpoenas and to arrange for the production of responsive documents.

9 38. Ultimately, Lead Counsel obtained over 200,000 pages of documents as a result
10 of the document requests and subpoenas directed to Defendants and numerous third parties.
11 Lead Counsel, together with counsel working at the direction of Lead Counsel, undertook a
12 diligent and extensive process of reviewing and analyzing such documents in order to prepare the
13 case for trial in accordance with the schedule in the case. Lead Counsel and counsel working at
14 the direction of Lead Counsel coded the documents into categories pertinent to the action,
15 including witness and issue files, to prepare for depositions. Lead Counsel created a computer
16 database and implemented a sophisticated system to search for and locate relevant documents.

17 39. In addition, prior to reaching the agreement to settle this action, the parties
18 extensively negotiated the deposition program, including for representatives of the Company
19 pursuant the Fed. R. Civ. P. 30(b)(6) and scheduled the depositions of Defendants Wiggins and
20 Krochmal, as well as the former general counsel for Connetics.

21 **G. Experts And Consultants**

22 40. Lead Counsel worked extensively with experts and consultants at different stages
23 of the case to prepare the Complaint, analyze documents, prepare for depositions and trial, and
24 negotiate the Settlement. As described further below, Lead Counsel utilized expert consultants
25 in conjunction with Lead Plaintiff's motion for class certification, and with preparing materials
26 and analyses presented at the mediations regarding damages. Lead Counsel also utilized forensic
27 accounting consultants regarding the alleged financial and accounting misrepresentations. In
28 addition, the regulatory and scientific medical context in which the litigation occurred required

1 Lead Counsel to seek the assistance of consultants experienced with the FDA regulatory
2 approval process as well as those knowledgeable in the area of specialized medical and
3 dermatological science, including, for example: (i) medications used in the treatment of acne and
4 combination drug treatments; (ii) drug product inserts and issues about product safety; (iii) pre-
5 clinical dermatological testing; and (iv) the FDA's drug application process and advisory panel
6 practice.

7 **H. Class Certification**

8 41. On March 16, 2009, Lead Plaintiff filed a motion to certify this action as a class
9 action and to appoint Oklahoma Teachers as class representative [Dkt. No. 155]. Lead Plaintiff's
10 motion included an expert declaration from Chad Coffman, CFA and documents and excerpts of
11 deposition testimony further supporting class certification.

12 42. Prior to moving for class certification, Lead Plaintiff responded to extensive
13 discovery requests from Defendants. This included Defendants propounding interrogatories and
14 35 document demands, as well as serving subpoenas to Lead Plaintiff's investment advisors.
15 The parties met-and-conferred extensively regarding the scope of discovery requests to Lead
16 Plaintiff. Following negotiations as to the scope of the requests, Lead Plaintiff produced
17 documents in response to Defendants' document requests. In addition, Lead Plaintiff's
18 investment advisors produced responsive documents to Defendants.

19 43. In December 2008, Defendants issued a deposition notice to Lead Plaintiff
20 pursuant to Fed. R. Civ. P. 30(b)(6). In that Rule 30(b)(6) notice, Defendants enumerated twenty
21 separate areas for testimony. On January 6, 2009, Lead Plaintiff's two designated witnesses
22 testified at their depositions in Oklahoma City, Oklahoma. In particular, Defendants deposed the
23 Lead Plaintiff's designated witnesses covering topics related to whether Lead Plaintiff satisfied
24 the class representative criteria set forth in Fed. R. Civ. P. 23.

25 44. On April 6, 2009, Defendants filed their opposition to Lead Plaintiff's motion for
26 class certification, arguing that class certification should not be granted for numerous reasons
27 and attached several exhibits in support of their opposition, including exhibits filed under seal.

28 45. On April 27, 2009, Lead Plaintiff filed a reply memorandum in support of its

1 motion for class certification refuting Defendants' arguments, including that (i) Lead Plaintiff
2 was an atypical class member and therefore inadequate to represent the class; (ii) issues relevant
3 to Lead Plaintiff predominated over common issues; and (iii) the composition of the class should
4 be divided into two classes and was too broad.

5 46. On May 11, 2009, the Court heard oral argument on Lead Plaintiff's motion for
6 class certification and entered an order granting class certification and appointing Lead Plaintiff
7 as class representative on May 12, 2009 [Dkt. No. 183]. The Court's order certified a Class of
8 all persons and entities who purchased or otherwise acquired the publicly traded securities of
9 Connetics from January 27, 2004, through July 9, 2006, and who suffered damages as a result.
10 Excluded from the Class are: (i) the Defendants and Dismissed Defendants; (ii) members of the
11 family of each Individual Defendant or Dismissed Defendant; (iii) any person who was an officer
12 or director of Connetics during the Class Period; (iv) any person who is or was named as a
13 defendant in any U.S. Government or state criminal or civil proceeding relating to Connetics; (v)
14 any firm, trust, corporation, officer, or other entity in which any Defendant or Dismissed
15 Defendant has a controlling interest; and (vi) the legal representatives, agents, affiliates, heirs,
16 successors-in-interest or assigns of any such excluded party. Also excluded from the Class are
17 any persons who exclude themselves by filing a request for exclusion in accordance with the
18 requirements set forth in the Notice to the Class.

19 47. As described below, Lead Plaintiff provided Notice of the Settlement to the Class
20 through publication in *The Investor's Business Daily*, postings on Internet websites, and the
21 mailing of at least 47,376 Notices. See Affidavit of Michelle M. La Count, Esq. ("La Count
22 Affidavit"), ¶¶5-16, attached as Exhibit ("Ex.") 1 hereto.

23 **III. THE SETTLEMENT**

24 48. The entire Settlement Fund of \$12.75 million (after deduction of Court-approved
25 expenses and attorneys' fees), plus interest, will be distributed to Class Members who timely
26 submit valid proofs of claim. There will not be any reversion to Defendants of any portion of the
27 Settlement Fund.
28

1 **A. Settlement Negotiations**

2 49. The process of achieving the Settlement was, at all times, conducted at arm's-
3 length. In December 2008, the parties agreed to mediate before the Honorable Daniel Weinstein
4 (Ret.), but continued to litigate the action and conduct discovery. On March 2, 2009, Lead
5 Counsel and Oklahoma Assistant Attorney General, David Kinney, along with counsel for
6 Defendants, participated in person at the mediation with Judge Weinstein in San Francisco.

7 50. In connection with the mediation before Judge Weinstein, Lead Plaintiff
8 submitted a detailed mediation statement setting forth Defendants' liability under the federal
9 securities laws, which was supported by documentary evidence. The mediation statement also
10 set forth an analysis regarding estimated damages.

11 51. Further, in connection with these settlement discussions, Lead Counsel asked its
12 damages consultant to develop information relevant to the settlement negotiations. In particular,
13 Lead Plaintiff's damages consultant provided an estimate of damages to the Class and performed
14 research and analysis concerning Connetics securities, including public statements made by or
15 about Connetics during the Class Period, as well as the market's reaction to such statements and
16 to other revelations about the Company.

17 52. At the March 2, 2009 mediation session, the parties presented their respective
18 views regarding the merits of the action as well as their views concerning available defenses,
19 potential sources of recovery, the evidence and damage analyses. The parties ultimately reached
20 an impasse. The mediation was suspended and litigation continued.

21 53. Following the March 2, 2009 mediation, Judge Weinstein remained in
22 communication with the parties about the case and prospects for a potential settlement.
23 Throughout the course of the settlement process, the negotiations were undertaken at arm's-
24 length, between and among experienced counsel, the well-informed Lead Plaintiff and
25 Defendants. Ultimately, after extensive negotiations, on May 29, 2009, the parties agreed to a
26 settlement of this action. The settlement amount is consistent with the Mediator's
27 recommendation based on his familiarity with the facts, claims, defenses and issues.

1 **B. Reasons For The Settlement**

2 54. As stated in the Notice, Lead Plaintiff endorses this Settlement and recommends
3 that it be approved. Lead Plaintiff has entered into this Settlement with a thorough
4 understanding of the strengths and weaknesses of the claims. This understanding is based on
5 Lead Counsel's prosecution of this litigation which has included, *inter alia*: (i) drafting of a
6 detailed amended consolidated complaint and the Second Amended Compliant after review and
7 analysis of the Company's SEC filings, annual reports, and other public statements, and
8 interviews with confidential witnesses; (ii) extensive briefing on Defendants' motions to dismiss;
9 (iii) review and analysis of documents produced by Defendants and third-parties; (iv)
10 consultations with experts; (v) review and analyses of potential sources of recovery; (vi) drafting
11 of a mediation statement and preparing for and participating in mediation; and (vii) briefing a
12 motion for class certification. Lead Counsel conducted a thorough investigation relating to the
13 claims and the underlying events and transactions alleged in the Complaint. In addition, Lead
14 Counsel has analyzed the evidence adduced during its investigation and has researched the
15 applicable law with respect to the claims of Lead Plaintiff and the Class against the Defendants
16 and the potential defenses thereto.

17 55. Lead Plaintiff believes that the Settlement is fair, reasonable and adequate, and in
18 the best interests of the Class considering the amount of the Settlement, the immediacy of
19 recovery to the Class, and the defenses asserted by Defendants. Lead Plaintiff further recognizes
20 and acknowledges the expense and length of continued proceedings necessary to prosecute the
21 action against Defendants thought trial and appeals, and has also considered the uncertain
22 outcome and the risk of further litigation, especially in complex actions such as this action, as
23 well as the difficulties inherent in any such litigation. Lead Plaintiff is also mindful of the
24 inherent problems of proof and possible defenses to the federal securities law violations asserted
25 against Defendants. Lead Plaintiff and Lead Counsel have taken into account the Court's
26 decision dismissing Lead Plaintiff's claims in part, and the possibility that the remaining claims
27 might have been later dismissed at the summary judgment stage or resulted in lesser or no
28 damages at trial.

1 56. It is clear that Defendants do not agree that Lead Plaintiff would have prevailed
2 on any of the claims asserted in the action, or on the average amount of damages per security that
3 would have been recoverable if Lead Plaintiff prevailed on its claims. For example, Defendants
4 have argued that factors other than the alleged fraud caused the investors' losses, and therefore,
5 such losses are not recoverable. If Defendants' arguments were successful, damages would be
6 significantly reduced or eliminated. In addition, Defendants would inevitably assert substantial
7 defenses to liability, including that they lacked scienter; the accounting corrections were minor;
8 and that independent reviews found no wrongdoing. These defenses would present substantial
9 litigation risk at the summary judgment stage and trial.

10 57. Further, Lead Plaintiff and Lead Counsel took into account the uncertainty
11 associated with Defendants' ability to satisfy a substantial judgment in this action. Connetics has
12 been acquired twice since the case began, first by privately-owned Steifel Laboratories in
13 December 2006, and later by GlaxoSmithKline in April 2009. Defendant Connetics asserted that
14 neither Steifel nor GlaxoSmithKline acquired the potential liability of Connetics for Lead
15 Plaintiff's claims. Taking into account the immediate benefits of the cash settlement, given the
16 risks and potential of no recovery at all, Lead Plaintiff and Lead Counsel respectfully submit that
17 the \$12.75 million settlement is fair, reasonable and adequate and in the best interests of the
18 Class.

19 58. Additionally, even if Lead Plaintiff prevailed on liability on any of the claims and
20 was awarded damages, there was a significant risk that given the competing legal precedent
21 applicable to the circumstances presented here, Defendants would appeal the verdict and award.
22 The appeals process would have likely spanned several years, during which time the Class would
23 have received no distribution on any damage award. In addition, an appeal of any verdict would
24 carry the risk of reversal, in which case the Class would receive no recovery after having
25 prevailed on the claims at trial.

26 59. In sum, as a result of these considerations, and taking into account the immediate
27 benefits the proposed Settlement confers on the Class and the amount of provable damages, Lead
28 Plaintiff and Lead Counsel submit that the \$12.75 million settlement is fair, reasonable and

1 adequate and in the best interests of the Class.

2 **C. Notice To The Class Meets The**
3 **Requirements Of Due Process And**
4 **Rule 23 Of The Federal Rules Of Civil Procedure**

5 60. The Court's Order preliminarily approving settlement and providing for notice
6 was entered on July 20, 2009 (the "Notice Order"). The Notice Order directed Lead Counsel, no
7 later than July 31, 2009, to cause the mailing of the Notice of Pendency and Proposed Settlement
8 of Class Action (the "Notice") and the Proof of Claim and Release (the "Proof of Claim") to all
9 Class Members at the address of each such person as set forth in the records of Connetics or its
10 transfer agents, or who otherwise may be identified through further reasonable effort.

11 61. The Notice Order also directed Lead Counsel to cause the Summary Notice for
12 Publication ("Publication Notice" or "Summary Notice") to be published in the national edition
13 of *The Investor's Business Daily* on or before August 14, 2009.

14 62. The attached Declaration of Michelle M. La Count, Esq., Senior Account
15 Executive with A.B. Data, Ltd.'s Class Action Administration Division, the Claims
16 Administrator, states that in the aggregate, as of September 8, 2009, 47,376 Notices and claim
17 packets have been mailed to potential Class Members, and that the Publication Notice was
18 published as directed by the Court. *See* La Count Affidavit, Ex. 1, ¶¶5-16. The Notice explains
19 the action, the Settlement, the Plan of Allocation, the anticipated fee and expense requests, and
20 the rights and options of Class Members. The published notice also provided information about
21 the Settlement and how to obtain a copy of the Notice.

22 63. In addition, the Notice and the Proof of Claim were posted on the Claims
23 Administrator's website and my firm's website. *Id.* ¶14.

24 **D. Plan Of Allocation**

25 64. Lead Plaintiff has proposed a plan to allocate the proceeds of the Settlement
26 among Class Members. Lead Plaintiff is seeking approval by the Court of the Plan of
27 Allocation, the details of which are set forth in the Notice.

28 65. The objective of the proposed Plan of Allocation is to equitably distribute the
Settlement proceeds to those Class Members who suffered economic losses as a result of the

1 alleged fraud and wrongdoing. While all Class Members' claims arise from the same fraudulent
2 scheme which caused the artificial inflation of the securities they acquired, the amount of such
3 artificial inflation varied throughout the Class Period. Differences of this nature among Class
4 Members are common in securities litigation and are commonly addressed by a plan of
5 allocation.

6 66. We considered different approaches for allocating the recovery to claimants. For
7 the purpose of allocation, Lead Plaintiff engaged Chad Coffman, CFA of Winnemac Consulting
8 to perform an economic analysis of the amount of inflation in the prices of Connetics securities
9 on each day of the Class Period. The Declaration of Chad Coffman ("Coffman Declaration"),
10 attached hereto as Ex. 2, explains the methods used to determine the amount of artificial inflation
11 in Connetics' publicly-traded securities during the Class Period and the basis for the analysis.

12 67. As explained more fully in the Coffman Declaration, the Plan of Allocation
13 provides for the allocation of the settlement proceeds among members of the class based upon an
14 estimate of the amount of artificial inflation they acquired as a result of purchasing or otherwise
15 acquiring artificially inflated securities. For purposes of the Plan of Allocation, Mr. Coffman
16 calculated the amount of alleged artificial inflation in the daily closing market prices for
17 Connetics Securities for each day of the Class Period. In computing alleged artificial inflation,
18 Mr. Coffman considered price changes in Connetics Securities for changes that were attributable
19 to market forces unrelated to the alleged fraud. The Plan of Allocation, as set forth in the Notice,
20 contains a table for each type of security that was publicly traded during the Class Period.

21 68. As noted above, in response to at least 47,376 Notices, as of the date of this
22 Declaration, there have been no objections to the proposed Plan of Allocation.

23 **IV. THE APPLICATION FOR ATTORNEYS'**
24 **FEES AND REIMBURSEMENT OF EXPENSES**

25 69. In addition to seeking final approval of the Settlement and Plan of Allocation,
26 Lead Counsel, with approval from Lead Plaintiff, is also applying to the Court for an award of
27 attorneys' fees and expenses. Specifically, Lead Counsel is applying for a fee of 25% of the
28 Settlement Fund and reimbursement of out-of-pocket expenses totaling \$398,689.23, which were

1 incurred in connection with the litigation, plus interest thereon.

2 **A. Application For Attorneys' Fees**

3 70. Lead Counsel's fee and expense application was described in the Notice sent to
4 potential Class Members beginning on July 31, 2009. At least 47,376 Notices were mailed to
5 potential Class Members, and Notice was posted on the website of the Claims Administrator
6 since on or about July 30, 2009. The deadline for Class Members to object is September 30,
7 2009. As of the date of this Declaration, no objection to Lead Counsel's fee and expense
8 application has been received.

9 **1. The Requested Fee Of 25%**
10 **Of The Settlement Fund Is Fair And Reasonable**

11 71. For our extensive efforts on behalf of the Class, Lead Counsel is applying for
12 compensation from the Settlement Fund on a percentage basis. The percentage method is the
13 appropriate method of fee recovery because, among other things, it aligns the lawyers' interest in
14 being paid a fair fee with the interest of the class in achieving the maximum recovery in the
15 shortest amount of time required under the circumstances, is supported by public policy, has
16 been recognized as appropriate by the United States Supreme Court for cases of this nature and
17 represents the overwhelming current trend in most circuits including the Ninth Circuit.

18 72. A team of lawyers supervised by Lead Counsel worked for nearly over two years
19 to accomplish this result. I maintained daily control and monitoring of all of the work provided
20 by lawyers on this case. While I personally devoted substantial time to this case, I have also
21 utilized other experienced attorneys at my firm to undertake or work with me on particular tasks
22 appropriate to their levels of expertise, skill and experience (for example, negotiations with
23 defendants; researching and drafting briefs; working with experts; taking and attending
24 depositions; and settlement mediation), and more junior attorneys and paralegals to work on
25 matters more appropriate to their experience levels.

26 73. The fee application is being submitted by Lead Counsel with the prior approval of
27 Lead Plaintiff. Based on the excellent result achieved for the Class, the quality of work
28 performed, the risks of the litigation and the contingent nature of the representation, Lead

1 Plaintiff supports Lead Counsel’s request for a 25% fee award. In the post-PSLRA era, the
2 support of the Court-appointed Lead Plaintiff is a significant consideration in setting a fair fee.

3 74. As set forth in Lead Counsel’s accompanying Motion For Approval Of Attorneys’
4 Fees And Expenses (“Fee Motion”), a 25% fee is fair and reasonable for attorneys’ fees in
5 common fund cases such as this, and is well within the range of the percentages typically
6 awarded in securities class actions in this Circuit and is in line with the benchmark established by
7 the Ninth Circuit.

8 75. Respectfully, the work undertaken by Lead Counsel in prosecuting this case and
9 arriving at this partial settlement has been challenging. This action settled only after Lead
10 Counsel conducted an extensive investigation into the underlying facts; prepared the complaints
11 and overcame successive motions to dismiss; analyzed evidence obtained from Defendants and
12 third parties; consulted extensively with experts and consultants; and engaged in hard-fought
13 settlement negotiations with experienced defense counsel.

14 76. As described in Lead Counsel’s Fee Motion, the requested fee is not only fair and
15 reasonable under the percentage approach but a lodestar cross-check confirms the reasonableness
16 of the fee. With respect to the lodestar approach, the requested fee represents a *negative*
17 multiplier of counsel’s total lodestar, *i.e.*, the lodestar is higher than the requested fee amount.
18 As set forth in Exhibits 4 and 6 attached hereto, Lead Counsel’s total lodestar in the prosecution
19 and investigation of this action is \$2,835,396.25 and the total lodestar for counsel from the firm
20 Barrack Rodos & Bacine, who assisted in the prosecution of this action, at the direction of Lead
21 Counsel, is \$486,345.00. The requested fee, therefore, yields a negative multiplier and is fair
22 and reasonable based upon the significant risk of the litigation and the quality of representation
23 by Lead Counsel in achieving the exceptional Settlement before the Court. Indeed, when using a
24 lodestar cross-check courts have awarded fee requests with larger lodestar multipliers in
25 securities fraud class actions.

26 77. Exhibits 4 and 5 hereto are tables that summarize the lodestar calculations and
27 expenses incurred by my firm. The summaries were prepared from contemporaneous daily time
28 records regularly prepared and maintained by Lead Counsel, which are available at the request of

1 the Court.

2 78. Lead Counsel took this case on a contingency basis and litigated it without any
3 compensation or guarantee of success. Based on the excellent result achieved for the Class, the
4 quality of work performed, the risks of the litigation and the contingent nature of the
5 representation, Lead Counsel submits that the request for a 25% fee award is fair and reasonable
6 and consistent with the Ninth Circuit's 25% benchmark.

7 **2. Standing And Expertise Of Lead Counsel**

8 79. The expertise and experience of Lead Counsel is another important factor in
9 setting a fair fee. As demonstrated by Lead Counsel's firm resume,² Lead Counsel are among
10 the most experienced and skilled practitioners in the securities litigation field, and have long and
11 successful track records in such cases. Moreover, the fact that Lead Counsel have demonstrated
12 a willingness and ability to prosecute complex cases such as this was undoubtedly a factor that
13 encouraged Defendants to engage in settlement discussions, and added valuable leverage in the
14 negotiations, ultimately resulting in the recovery for the Class.

15 **3. Standing And Caliber Of Opposing Counsel**

16 80. The quality of the work performed by Lead Counsel in attaining the Settlement
17 should also be evaluated in light of the quality of opposing counsel. Lead Plaintiff was opposed
18 in this case by very skilled and highly-respected counsel. Defendants were represented by
19 Fenwick & West LLP, who spared no effort in the defense of their clients. In the face of this
20 knowledgeable and formidable defense, Lead Counsel were nonetheless able to develop a case
21 that was sufficiently strong to persuade the Defendants to settle the action on terms that are
22 favorable to the Class.

23 **4. The Risks Of Litigation And The Need**
24 **To Ensure The Availability Of Competent**
25 **Counsel In High-Risk, Contingent Securities Cases**

26 81. As noted above, the litigation was undertaken by Lead Counsel on a wholly
27 contingent basis. From the outset, Lead Counsel understood that it was embarking on a complex

28

² See Firm Resume of Bernstein Litowitz Berger & Grossmann LLP, attached as Ex. 3 hereto.

1 and expensive litigation with no guarantee of compensation for the investment of time, money
2 and effort that the case would require. In undertaking the responsibility, Lead Counsel assured
3 that sufficient attorney resources were dedicated to the investigation of the Class claims against
4 the Defendants and that sufficient funds were available to advance the expenses required to
5 pursue and complete such complex litigation. Indeed, Plaintiffs' Counsel received no
6 compensation and incurred \$398,689.23 in expenses in prosecuting this action for the benefit of
7 the Class.

8 82. Lead Counsel also bore the risk that no recovery would be achieved. As
9 discussed herein, this case presented a number of risks and uncertainties which could have
10 prevented any recovery whatsoever. Despite the vigorous and competent efforts of Lead
11 Counsel, success in contingent-fee litigation, such as this, is never assured.

12 83. Lead Counsel firmly believes that the commencement of a securities class action
13 does not guarantee a settlement. To the contrary, it takes hard work and diligence by skilled
14 counsel to develop the facts and theories that are needed to win at trial or to induce sophisticated
15 defendants to engage in serious settlement negotiations.

16 84. Courts have repeatedly recognized that it is in the public interest to have
17 experienced and able counsel enforce the securities laws. As recognized by Congress through
18 the passage of the PSLRA, vigorous private enforcement of the federal securities laws can only
19 occur if private plaintiffs – particularly institutional investors – take an active role in protecting
20 the interests of securities purchasers. If this important public policy is to be carried out,
21 plaintiffs' counsel should be adequately compensated, taking into account the risks undertaken in
22 prosecuting securities class actions.

23 **5. The Reaction Of The Class Further**
24 **Confirms That The Requested Fee Is Reasonable**

25 85. As set forth above, at least 47,376 Notices have been sent to potential Class
26 Members. La Count Affidavit, Ex. 1, ¶10. In addition, the Summary Notice was published in
27 the national edition of *The Investor's Business Daily*. *Id.*, ¶16. The Notice explains the
28 Settlement and Lead Counsel's anticipated fee and expense request. The deadline to object to

1 Lead Counsel's fee and expense request is September 30, 2009, and as of the date of this
2 Declaration there are no objections to the request.

3 86. In sum, given the Lead Plaintiff's approval of the fee request; the complexity and
4 magnitude of the action; the responsibility undertaken by Lead Counsel; the difficulty of proof
5 on liability and damages; the experience of Lead Counsel and defense counsel and the contingent
6 nature of Lead Counsel's agreement to prosecute this litigation, Lead Counsel respectfully
7 submits that the requested attorneys' fees are reasonable and should be approved.

8 **B. Application For Reimbursement Of Expenses**

9 87. Lead Counsel also requests \$398,689.23 in expenses reasonably and necessarily
10 incurred in the prosecution of this action. Lead Counsel respectfully submits that the expense
11 application is appropriate, fair, and reasonable and should be approved in the amounts submitted
12 herein.

13 88. From the beginning of the case, Lead Counsel were aware that they might not
14 recover any of their expenses, and, at the very least, would not recover anything until the action
15 was successfully resolved. Lead Counsel also understood that, even assuming that the case was
16 ultimately successful, an award of expenses would not compensate them for the lost use of the
17 funds advanced to prosecute this action. Thus, Lead Counsel were motivated to, and did, take
18 significant steps to minimize expenses whenever practicable without jeopardizing the vigorous
19 and efficient prosecution of the action.

20 89. The application for expenses is within the upper limit of \$550,000 contained in
21 the Notice mailed to the Class. In response to at least 47,376 Notices, as of the date of this
22 Declaration, there are no objections to such expenses.

23 90. The expenses were necessary and appropriate for the prosecution of this action.
24 These include charges for depositions and court transcripts; payments to consultants; computer
25 research devoted to the case; costs incurred in out-of-town travel; charges for photocopying;
26 telephone, postal and express mail charges; and similar case-related costs. *See* Exs. 5 and 6.
27 Courts have typically found that such expenses are reimbursable from a fund recovered by
28 counsel for the benefit of the class.

1 91. Included in the amount of expenses is \$148,264.88 paid or payable to Lead
2 Plaintiff's damage consultant. This damage consultant retained during the action provided Lead
3 Counsel with substantial assistance in connection with the development, prosecution and
4 settlement of the action and the development of the proposed Plan of Allocation. See Ex. 5.

5 92. In addition, Lead Counsel received a substantial volume of documents, both hard
6 copy and electronic, from both parties and non-parties during the course of the litigation. In
7 order to effectively and efficiently review and analyze the documents, a document management
8 system and database were necessary. Conversion of electronic documents into a searchable
9 format and duplication of many of these documents obtained in discovery was necessary for the
10 effective prosecution of the case. Included in the expense request above is \$93,696.09, for
11 reimbursement of internal and external copying costs. See Exs. 5 and 6.

12 93. The expenses also include the costs of on-line legal research in the amount of
13 \$40,018.03, and on-line factual research in the amount of \$8,760.53. These are the charges for
14 computerized factual and legal research services such as *Lexis-Nexis* and *Westlaw*. It is standard
15 practice for attorneys to use *Lexis-Nexis* and *Westlaw* to assist them in researching legal and
16 factual issues, and, indeed, courts recognize that these tools create efficiencies in litigation and,
17 ultimately, save clients and the class money. See Exs. 5 and 6.

18 94. Plaintiffs' Counsel were required to travel in connection with prosecuting and
19 settling the action, and thus incurred the related costs of airline tickets, meals and lodging.
20 Included in the expense request above is \$19,251.21, for out-of-town travel expenses necessarily
21 incurred for the prosecution of this action. See Exs. 5 and 6. These expenses included airline
22 tickets, meals and lodging for travel to Oklahoma City, Oklahoma for the depositions of Lead
23 Plaintiff's designated witnesses; and airline expenses, meals and lodging for travel to and from
24 San Francisco in connection with the motions to dismiss hearings, the case management
25 conferences, the hearing on class certification, and the mediation. Lead Counsel's expense
26 request also includes \$1,644.50 for reasonable costs associated with working meals incurred
27 when working on this action on weekends, through lunch or past 7:30 p.m. See Ex. 5.

28 95. As the Notice described, approval of the Settlement is independent from approval

1 of Lead Counsel's application for an award of attorneys' fees and expenses. Any determination
2 with respect to Lead Counsel's application for an award of attorneys' fees and expenses will not
3 affect the Settlement, if approved.

4 **V. CONCLUSION**

5 96. For the reasons set forth above and in the accompanying Motion for Final
6 Approval Of Settlement And Plan Of Allocation and Motion For Approval Of Attorneys' Fees
7 And Expenses, I respectfully submit that: (i) the Settlement is fair, reasonable and adequate and
8 should be approved; (ii) the Plan of Allocation represents a fair and equitable method for the
9 distribution of the Settlement Fund among Class Members, and should be approved; and (iii) the
10 application for attorneys' fees and expenses should be granted.

11 I declare, under penalty of perjury, that the foregoing facts are true and correct and that
12 this declaration was executed on this 18th day of September 2009.

13
14 /s/ David R. Stickney

DAVID R. STICKNEY

15 *Attorneys for Lead Plaintiff Teachers' Retirement*
16 *System of Oklahoma and Lead Counsel to the Class*
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT 1

1 BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
2 DAVID R. STICKNEY (Bar No. 188574)
NIKI L. MENDOZA (Bar No. 214646)
3 TAKEO A. KELLAR (Bar No. 234470)
12481 High Bluff Drive, Suite 300
4 San Diego, CA 92130
Tel: (858) 793-0070
5 Fax: (858) 793-0323
davids@blbglaw.com
6 nikim@blbglaw.com
takeok@blbglaw.com
7 -and-
CHAD JOHNSON
8 1285 Avenue of the Americas, 38th Floor
New York, NY 10019
9 Tel: (212) 554-1400
Fax: (212) 554-1444
10 chad@blbglaw.com

11 Attorneys for Lead Plaintiff Teachers' Retirement
System of Oklahoma and Lead Counsel to the Class

12
13 UNITED STATES DISTRICT COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 SAN FRANCISCO DIVISION

16 In re CONNETICS SECURITIES
LITIGATION.

Case No. C 07-02940 SI

17
18 This Document Relates To:

**AFFIDAVIT OF MICHELLE M.
LA COUNT, ESQ.**

19 ALL ACTIONS.
20
21
22
23
24
25
26
27

1 I, Michelle M. La Count, Esq., being duly sworn, certify as follows:

2
3 1. I am the Senior Account Executive with A.B. Data, Ltd.'s Class Action Administration
4 Division ("A.B. Data") in Milwaukee, Wisconsin; West Palm Beach, Florida; and New York, New
5 York. My business address is 600 A.B. Data Drive, Milwaukee, WI 53217. My direct telephone
6 number is 414-961-7509.

7
8 2. I submit this Affidavit at the request of Lead Counsel in connection with the class action
9 notice administration proceedings related to *In re Connetics Securities Litigation*,
10 Case No. C 07-02940 SI, pending in the United States District Court for the Northern District of
11 California, San Francisco Division (the "Action").

12 3. This Affidavit is based upon my personal knowledge and upon information provided by Lead
13 Counsel for Lead Plaintiff, my associates, and staff.

14 4. This Affidavit reports the implementation of the notice administration program, as fully
15 described in paragraphs 5-11 below, which consisted of the following:

- 16
17 a. Disseminating the: i) Notice of Pendency of Class Action and Proposed Settlement, Final
18 Approval Hearing, and Motion for Attorneys' Fees and Reimbursement of Litigation
19 Expenses (the "Notice") and Proof of Claim Form (together referred to hereafter as the
20 "Notice Packet"), annexed as Exhibit A, to Class Members by First-Class Mail, postage
21 paid; ii) cover letter to banks, brokers, and other nominees, annexed as Exhibit B, which
22 was sent by First-Class Mail, postage paid, along with a copy of the Notice Packet to
23 each of the banks, brokers, and other nominees on the A.B. Data proprietary list of banks,
24 brokers, and other nominees; and iii) electronic version of the cover letter to banks,
25 brokers, and other nominees along with an electronic copy of the Notice Packet via email
26 to 1,311 of the largest banks, brokers, and other nominees on the A.B. Data proprietary
27
28

1 list of banks, brokers, and other nominees that hold securities on behalf of beneficial
2 owners (the "Proprietary List")¹;

- 3 b. Establishing a case-specific toll-free line with an interactive voice response system;
- 4 c. Uploading certain case-related documents, as set forth in Paragraph 14, per the request of
5 Lead Counsel to the case specific website ConneticsSecuritiesLitigation.com and a page
6 on A.B. Data's website, abdataclassaction.com;
- 7 d. Publishing the Summary Notice (the "Summary Notice") in the *Investor's Business*
8 *Daily*, annexed as Exhibit C; and
- 9 e. Processing exclusion requests.

10
11 **NOTICE IMPLEMENTATION**

12 5. On or about July 23, 2009, A.B. Data received a list of 207 names and addresses of
13 shareholders of record from the transfer agent, Computershare.

14 6. On or about July 20, 2009, A.B. Data received the Court-approved draft of the Notice Packet
15 and formatted it for printing.

16 7. On or about July 23, 2009, A.B. Data printed the Notice Packet in preparation for mailing.

17 8. According to the Order Preliminarily Approving Settlement and Providing for Notice
18 (the "Order"), the mailing was to occur by July 31, 2009. On July 31, 2009, A.B. Data delivered 4,490
19 Notice Packets (207 going to the shareholders of record and 4,283 going to banks, brokers, and
20 nominees on the Proprietary List) to the USPS to be mailed via First-Class Mail, postage prepaid.
21
22

23 _____
24 ¹ Electronic notification is only sent to those banks, brokers, and nominees on the Proprietary List that
25 have opted to receive an email version of the Notice Packet in addition to a copy sent by First-Class
26 Mail, postage paid. Electronic notification is not a substitute for the mailed Notice Packet, but rather,
27 it is a supplemental notification sent for the convenience of the recipient upon its request.
28

1 9. As of September 15, 2009, an additional 42,886 Notice Packets have been delivered to or sent
2 on behalf of banks, brokers, and other nominees through the fulfillment request process pursuant to
3 Paragraph 116 of the Notice, "What If I Bought Shares on Someone Else's Behalf?" for dissemination
4 to the clients of said entities.

5 10. To date, A.B. Data has sent a total of 47,376 Notice Packets to potential Class Members,
6 banks, brokers and other nominees..

7 11. As of September 15, 2009, 563 of the 47,376 Notice Packets sent have been returned by the
8 USPS to A.B. Data as undeliverable as addressed (UAA); of those returned UAA, 72 had forwarding
9 addresses and were re-sent.
10

11 **INTERACTIVE VOICE RESPONSE (IVR) SYSTEM**

12 12. On or about July 30, 2009, a case-specific toll-free number, 800-494-9209, was established
13 with an IVR system and live operators. The automated attendant answers the calls and presents
14 callers with a series of choices to respond to basic questions. If callers need further help, they have
15 the option to be transferred to a live operator during business hours.
16

17 13. From July 31, 2009, through September 15, 2009, A.B. Data received and made a total of 32
18 telephone calls and received no voice mail messages.

19 **WEBSITE AND EMAIL ADDRESS**

20 14. On or about July 30, 2009, A.B. Data posted case-related documents to the case-specific
21 website ConneticsSecuritiesLitigation.com as well as a case page on A.B. Data's website,
22 abdataclassaction.com. Included on the page is general information regarding the case and its
23 current status as well as the following case-related documents available for download by potential
24 Class Members: (1) the Notice, which, to date, was downloaded 77 times; (2) the Proof of Claim
25 Form, which, to date, was downloaded 68 times; (3) the Summary Notice, which, to date, was
26 downloaded 13 times; (4) the Order, which, to date, was downloaded 5 times; (5) the Stipulation and
27
28

1 Agreement of Settlement, which, to date, was downloaded 9 times; (6) the Connetics Securities
2 Litigation Electronic Claims Filing Guidelines, which, to date, was downloaded 23 times; (8) the
3 Connetics Securities Litigation Electronic Claims Filing Template, which, to date, was downloaded
4 19 times; and (9) the Second Amended Consolidated Class Action Complaint for Violations of
5 Securities Laws which, to date, was downloaded 4 times. All statistics were compiled on
6 September 15, 2009.
7

8 15. An email address was also established for claimant inquiries at
9 info@ConneticsSecuritiesLitigation.com. All inquiries were responded to within one business day.
10 A.B. Data will continue to respond to all inquiries received.

11 **PUBLICATION**

12 16. A.B. Data caused the publication of the Summary Notice in the *Investor's Business Daily* on
13 August 7, 2009. The verification of publication is annexed hereto as Exhibit D.
14

15 **EXCLUSIONS AND OBJECTIONS**

16 17. As of September 15, 2009, A.B. Data has received two requests for exclusion. True and
17 correct copies of the requests are attached hereto as Exhibit E. I previously provided a copy of the
18 exclusion requests to Lead Counsel and I am informed that Lead Counsel forwarded copies of both
19 exclusion requests on to Connetics' counsel. Exclusion requests are required to be received no later
20 than September 30, 2009. A.B. Data will promptly provide any exclusion requests received after the
21 date of this affidavit, should any be received, to Lead Counsel.
22

23 18. As of September 15, 2009, A.B. Data has received no objections to any aspect of the
24 Settlement. Objections are required to be received no later than September 30, 2009. A.B. Data will
25 promptly provide any objections received after the date of this affidavit, should any be received, to
26 Lead Counsel.
27

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

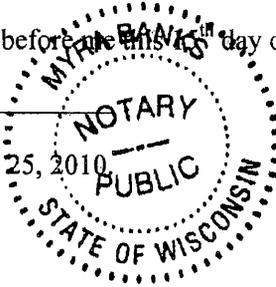
2
3 Executed this 15th day of September 2009.

Michelle M. La Count
Michelle M. La Count, Esq.

4 State of Wisconsin)
5) ss.
6 Milwaukee County)

7 SUBSCRIBED and SWORN before me this 15th day of September 2009.

8 *Myra Banks*
9 Myra Banks, Notary Public
10 My commission expires April 25, 2010



11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Exhibit A

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

IN RE CONNETICS
SECURITIES LITIGATION

File No. C 07-02940 SI

**NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT, FINAL APPROVAL HEARING, AND
MOTION FOR 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 a class action lawsuit pending in this Court (the "Litigation") if, during the period from January 27, 2004 through July 9, 2006, you purchased or acquired the publicly traded securities of Connetics Corp. ("Connetics" or the "Company").

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiff, Teachers' Retirement System of Oklahoma ("Lead Plaintiff"), on behalf of the Class (as defined in ¶1 below), has reached a proposed settlement of the Litigation for a total of \$12.75 million that will resolve all claims in the Litigation.

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

1. Description of the Litigation and Class: This Notice relates to the pendency and proposed settlement of a class action lawsuit against Defendants Connetics, and Thomas G. Wiggans, Gregory Vontz, John L. Higgins, and Lincoln Krochmal (the "Individual Defendants," collectively with Connetics, the "Defendants"). The proposed settlement, if approved by the Court, will settle certain claims of all persons and entities who purchased or acquired Connetics publicly traded securities from January 27, 2004, through July 9, 2006, inclusive (the "Class Period") and suffered damages as a result (the "Class").

2. Statement of Class's Recovery: Subject to Court approval, and as described more fully in ¶¶7-32 below, Lead Plaintiff, on behalf of the Class, has agreed to settle all claims related to the purchase or acquisition of Connetics publicly traded securities that were or could have been asserted against Defendants and other Released Parties in the Litigation in exchange for a settlement payment of \$12.75 million to be deposited into an interest-bearing escrow account (the "Settlement Fund"). The Net Settlement Fund (the Settlement Fund less taxes, notice and administration costs, and attorneys' fees and litigation expenses awarded to Lead Counsel) will be distributed in accordance with a plan of allocation (the "Plan of Allocation") that will be approved by the Court and will determine how the Net Settlement Fund shall be allocated to the members of the Class. The proposed Plan of Allocation is included in this Notice, and may be modified by the Court without further notice.

3. Statement of Average Amount of Damages Per Share: The Settlement Fund consists of \$12.75 million plus interest earned. Your recovery will depend on the number and type of Connetics securities you purchased or acquired, and the timing of those transactions. It will also depend on the number of valid claim forms that members of the Class submit and the amount of such claims. Assuming that all of the investors who purchased or acquired Connetics publicly traded securities during the Class Period and suffered damages participate in this settlement, Lead Counsel estimates that the estimated average distribution will be approximately: \$0.24 per share of Connetics common stock before the deduction of Court-approved fees and expenses as described in ¶99 below and the cost of notice and claims administration. The amount per share could be further reduced by amounts, pursuant to the Plan of Allocation, claimed by purchasers of other publicly traded securities of Connetics. Historically, less than all eligible investors submit claims, resulting in higher average distributions per share.

4. Statement of the Parties' Position on Damages: The parties do not agree on the total amount of recoverable damages or on the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail. Defendants deny that they are liable in any respect or that Lead Plaintiff or other Class Member suffered any injury. The issues on which the parties disagree include, but are not limited to: (1) whether the statements made or facts allegedly omitted were material, false, misleading, or whether the Defendants are otherwise liable under the securities laws for those statements or omissions; (2) the amount by which the prices of Connetics securities were allegedly inflated (if at all) during the Class Period; and (3) the effect of various market forces influencing the trading prices of Connetics securities at various times during the Class Period.

5. Statement of Attorneys' Fees and Expenses Sought: Lead Counsel (as defined in ¶6 below) will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 25% of the Settlement Fund plus interest earned at the same rate and for the same period as earned by the Settlement Fund. In addition, Lead Counsel also will apply for the reimbursement of litigation expenses paid or incurred in connection with the prosecution and resolution of the Litigation, in an amount not to exceed \$550,000 plus interest earned at the same rate and for the same period as earned by the Settlement Fund. If the Court approves Lead Counsel's fee and expense application, the average cost per affected share of common stock will be approximately \$0.07.

6. Identification of Attorney Representatives: Lead Plaintiff and the Class are being represented by David Stickney, Esq. and Niki L. Mendoza, Esq. of Bernstein Litowitz Berger & Grossmann LLP, the Court-appointed Lead Counsel. Any questions regarding the Settlement should be directed to Mr. Stickney or Mrs. Mendoza at Bernstein Litowitz Berger & Grossmann LLP, 12481 High Bluff Drive, Suite 300, San Diego, CA 92130-3582 (888) 924-1888, blbg@blbglaw.com.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:

REMAIN A MEMBER OF THE CLASS	This is the only way to get a payment. If you wish to obtain a payment as a Class Member, you will need to file a Proof of Claim Form (which is included with this Notice) postmarked no later than November 30, 2009.
EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN SEPTEMBER 30, 2009.	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against any of the Defendants or other Released Parties concerning the claims that were, or could have been, asserted in this case.
OBJECT TO THE SETTLEMENT BY SUBMITTING WRITTEN OBJECTIONS SO THAT THEY ARE RECEIVED NO LATER THAN SEPTEMBER 30, 2009.	Write to the Court and explain why you do not like the Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of expenses. You cannot object to the Settlement unless you are a Class Member and do not validly exclude yourself. Papers in support of the Settlement, the Plan of Allocation, and Lead Counsel's application for attorneys' fees and payment of expenses will be submitted for receipt on or before September 18, 2009. Copies of such papers will be available at www.ConneticsSecuritiesLitigation.com .
GO TO THE HEARING ON OCTOBER 9, 2009, AT 9:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN SEPTEMBER 30, 2009.	Ask to speak in Court about the fairness of the Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of expenses.
DO NOTHING	Get no payment. Remain a Class Member. Give up your rights.

WHAT THIS NOTICE CONTAINS

Why Did I Get This Notice?	Page 2
What Is This Case About? What Has Happened So Far?	Page 3
How Do I Know If I Am Affected By The Settlement?	Page 3
What Are The Lead Plaintiff's Reasons For The Settlement?	Page 4
What Might Happen If There Were No Settlement?	Page 4
How Much Will My Payment Be?	Page 4
What Rights Am I Giving Up By Agreeing To The Settlement?	Page 7
What Payment Are The Attorneys For The Class Seeking? How Will The Lawyers Be Paid?	Page 8
How Do I Participate In The Settlement? What Do I Need To Do?	Page 8
What If I Do Not Want To Be A Part Of The Settlement? How Do I Exclude Myself?	Page 8
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?	Page 8
What If I Bought Shares On Someone Else's Behalf?	Page 9
Can I See The Court File? Whom Should I Contact If I Have Questions?	Page 9

WHY DID I GET THIS NOTICE?

7. This Notice is being sent to you pursuant to an Order of the United States District Court for the Northern District of California (the "Court") because you or someone in your family may have purchased or otherwise acquired Connetics securities during the Class Period. The Court has directed us to send you this Notice because, as a potential Class Member, you have a right to know about your options before the Court rules on the proposed settlement of this case. Additionally, you have the right to understand how a class action lawsuit may generally affect your legal rights. If the Court approves the Settlement a 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.

8. In a class action lawsuit, the Court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. In this Litigation, the Court has appointed the Teachers' Retirement System of Oklahoma to serve as "Lead Plaintiff" under a federal law governing lawsuits such as this one, and approved Lead Plaintiff's selection of the law firm of Bernstein Litowitz Berger & Grossmann LLP ("Lead Counsel") to serve as Lead Counsel in the Litigation. The Lead Plaintiff is the Class Representative. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. Once the class is certified, the Court must resolve all issues on behalf of the class members, except for any persons who choose to exclude themselves from the class. The Court certified the Class on May 12, 2009. (For more information on excluding yourself from the Class, please read "What If I Do Not Want To Be A Part Of The Settlement? How Do I Exclude Myself?" located below.)

9. The Court in charge of this case is the United States District Court for the Northern District of California, and the case is known as *In re Connetics Securities Litigation*. The Judge presiding over this case is the Honorable Susan Illston, United States District Judge. The people who are suing are called plaintiffs, and those who are being sued are called defendants. In this case, the plaintiff is referred to as the Lead Plaintiff, on behalf of itself and the Class, and Defendants are Connetics and the Individual Defendants.

10. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. The purpose of this Notice is to inform you of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Class if you wish to do so. It also is 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 proposed Settlement, the fairness and reasonableness of the proposed Plan of Allocation, and the application by Lead Counsel for attorneys' fees and reimbursement of expenses (the "Final Approval Hearing").

11. The Final Approval Hearing will be held on October 9, 2009, at 9:00 a.m., before the Honorable Susan Illston, at the United States District Court for the Northern District of California, 450 Golden Gate Avenue, Courtroom 10, San Francisco, California 94102 to determine:

- (i) whether the proposed Settlement is fair, reasonable, and adequate and should be approved by the Court;
- (ii) whether the Settled Claims against Defendants and the other Released Parties should be dismissed with prejudice as set forth in the Stipulation and Agreement of Settlement (the "Stipulation");
- (iii) whether the proposed Plan of Allocation is fair and reasonable and should be approved by the Court; and
- (iv) whether Lead Counsel's request for an award of attorneys' fees and reimbursement of litigation expenses should be approved by the Court.

12. This Notice does not express any opinion by the Court concerning the merits of any claim in the Litigation, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments to Authorized Claimants will be made after any appeals are resolved, and after the completion of all claims processing. Please be patient.

WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?

13. Beginning on or about October 31, 2006, plaintiffs filed class actions against Connetics, Wiggans, Vontz and Alexander J. Yaroshinsky ("Yaroshinsky") in the Southern District of New York, docket numbers 06-11496 and 06-12875, asserting claims under §§ 10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act").

14. By Order dated December 14, 2006, the Southern District of New York consolidated the two actions then before it and all related actions filed thereafter, and appointed Teachers' Retirement System of Oklahoma as the Lead Plaintiff.

15. On February 14, 2007, Lead Plaintiff filed a consolidated class action complaint against Connetics, Wiggans, Vontz, Higgins and Krochmal, Yaroshinsky, Victor E. Zak ("Zak," Yaroshinsky and Zak are referred to herein as the "Dismissed Defendants"), certain directors, certain underwriters, and Ernst & Young LLP. The consolidated complaint asserted claims under §§ 10(b), 20(A) and 20A of the Exchange Act, and §§ 11 and 15 of the Securities Act of 1933 ("Securities Act").

16. On March 5, 2007, the defendants moved to transfer the case to the Northern District of California. The motion was granted by Order dated May 23, 2007, and the consolidated case was therefore transferred to the Northern District of California where it was docketed as case number 07-02940 and later assigned to the Honorable Susan Illston.

17. On June 28, 2007, Lead Plaintiff filed an amended consolidated complaint.

18. On January 29, 2008, the Court granted in part and denied in part defendants' motions to dismiss and to strike with leave to amend.

19. On March 14, 2008, Lead Plaintiff filed the Second Amended Complaint against Defendants and Dismissed Defendants under §§ 10(b), 20(a), and 20A of the Exchange Act alleging that Defendants knowingly or recklessly made materially false and misleading statements or concealed material adverse information regarding Velac (a development-stage product) and Connetics' financial statements. The Complaint alleges that the price of Connetics' securities was inflated as a result of the alleged misstatements or omissions and that when the truth was revealed in a series of disclosures, investors who purchased the securities during the Class Period suffered damages.

20. By Order dated August 14, 2008, the Court granted in part and denied in part defendants' motions to dismiss the Second Amended Complaint and denied defendants' motions to strike. The Court sustained the §§ 10(b) and 20(a) claims as a matter of pleading. The Court dismissed the claims against Dismissed Defendants, and granted leave to amend.

21. Lead Plaintiff thereafter provided notice that it would not amend its complaint and would proceed under the Second Amended Complaint ("Complaint") in accordance with the Court's August 14, 2008 Order. Defendants filed an Answer to the Complaint on October 6, 2008.

22. During the course of the litigation, Lead Plaintiff and Defendants conducted discovery, including but not limited to Lead Plaintiff's review and analysis of a substantial volume of documents produced by Defendants and third-parties, and the deposition of two representatives of Lead Plaintiff.

23. On March 2, 2009, Lead Plaintiff and Defendants voluntarily participated in a mediation session with the Honorable Daniel Weinstein (Ret.) in San Francisco, California. At the mediation, the parties reached an impasse and no settlement was reached. Following the mediation, Judge Weinstein remained in communication with the parties about the case and prospects for a potential settlement.

24. By Order dated May 12, 2009, the Court granted Lead Plaintiff's motion for class certification and approved certain notice procedures in accordance with the May 11, 2009 Case Management Conference.

25. By Order dated May 14, 2009, the Court set certain discovery and other deadlines and set a June 29, 2010 trial date.

26. On May 29, 2009, the Settling Parties reached an agreement in principle regarding a proposed settlement of the Litigation.

27. On July 17, 2009, the Court preliminarily approved the Settlement, authorized this Notice to be sent to potential Class Members, and scheduled the Final Approval Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?

28. If you are a member of the Class, you are subject to the Settlement unless you timely request to be excluded. The Class consists of all persons and entities who purchased or acquired publicly traded Connetics securities during the period from January 27, 2004, through July 9, 2006, inclusive and suffered damages as a result. Excluded from the Class are: (i) the Defendants and Dismissed Defendants; (ii) members of the family of each Individual Defendant or Dismissed Defendant; (iii) any person who was an officer or director of Connetics during the Class Period; (iv) any person who is or was named as a defendant in any U.S. Government or state criminal or civil proceeding relating to Connetics; (v) any firm, trust, corporation, officer, or other entity in which any Defendant or Dismissed Defendant has a controlling interest; and (vi) the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any such excluded party. The Class also does not include those persons and entities who timely request exclusion from the Class pursuant to this Notice (see "What If I Do Not Want To Participate In The Class And The Settlement? How Do I Exclude Myself?" below).

RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A CLASS MEMBER OR THAT YOU ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU WISH TO PARTICIPATE IN THE SETTLEMENT, YOU MUST SUBMIT THE ENCLOSED CLAIM FORM POSTMARKED NO LATER THAN NOVEMBER 30, 2009.

WHAT ARE THE LEAD PLAINTIFF'S REASONS FOR THE SETTLEMENT?

29. Lead Plaintiff and Lead Counsel believe that the claims asserted against Defendants have merit. Lead Plaintiff and Lead Counsel recognize, however, the expense and length of continued proceedings necessary to pursue their claims against Defendants through trial and appeals, as well as the difficulties in establishing liability for allegations of fraud. Lead Plaintiff and Lead Counsel have taken into account the Court's decision dismissing plaintiffs' claims in part and the possibility that the remaining claims asserted in the Complaint might have been dismissed in response to Defendants' anticipated motions for summary judgment, and have considered issues that would have been decided by a jury in the event of a trial of the Litigation, including whether Defendants acted with an intent to mislead investors, whether the alleged misrepresentations or omissions were material to investors, whether all of Class Members' losses were caused by the alleged misrepresentations or omissions, and the amount of damages. Lead Plaintiff and Lead Counsel have considered the uncertain outcome and trial and appellate risk in complex lawsuits like this one.

30. In light of the amount of the Settlement and the immediacy of recovery to the Class, Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Class. Lead Plaintiff and Lead Counsel believe that the Settlement provides a substantial benefit now, namely \$12.75 million (less the various deductions described in this Notice), as compared to the risk that the claims in the Complaint would produce a similar, smaller, or no recovery after summary judgment, trial and appeals, possibly years in the future.

31. Each of the Defendants has denied and continues to deny each and all of the claims alleged by the Lead Plaintiff in this Litigation. The Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. The Defendants also have denied and continue to deny, among other things, the allegations that the Lead Plaintiff or the Class have suffered damage, that the price of Connetics securities was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, or that the Lead Plaintiff or the Class were harmed by the conduct alleged in the Complaint and Defendants believe that the evidence developed to date supports their positions. The Defendants have also taken into account the uncertainty and risks inherent in any litigation, especially in a complex case such as this. Nonetheless, the Defendants have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. The Settlement shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any of the Defendants with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Defendants have, or could have asserted. Defendants expressly deny that Lead Plaintiff has asserted a valid claim and deny any and all allegations of fault, liability, wrongdoing or damages whatsoever.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

32. If there were no Settlement and Lead Plaintiff failed to establish any essential legal or factual element of its claims, neither Lead Plaintiff nor the Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, the Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW MUCH WILL MY PAYMENT BE?

THE PROPOSED PLAN OF ALLOCATION: GENERAL PROVISIONS

33. Connetics has agreed to cause its insurers to pay \$12.75 million.

34. Your share of the fund will depend on the number of Connetics securities represented by valid claim forms that members of the Class send in and the amount of those claims, how many Connetics securities you held, what type of Connetics securities you bought, and when you bought and sold them. A claim will be calculated as follows:

35. The Net Settlement Fund will be distributed to Claimants under the Plan of Allocation (the "Plan") described below. The Plan provides that Claimants will be eligible to participate in the distribution of the Net Settlement Fund only if, among other requirements described herein, Claimants have a net market loss on all transactions in Connetics securities during the Class Period.

36. To the extent there are sufficient funds in the Net Settlement Fund, each Claimant will receive an amount equal to the Claimant's "Recognized Loss," as defined below. If, however, (and as is more likely) the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Claimant, then each Claimant shall be paid the percentage of the Net Settlement Fund that each Claimant's claim bears to the total of the Recognized Losses of all Claimants (i.e., the Claimant's *pro rata* share). Payment in this manner shall be deemed conclusive against all Claimants.

37. For purposes of determining the amount a Claimant may recover under the Plan, Lead Counsel conferred with its damages consultant and the Plan reflects an assessment of the damages that they believe could have been recovered had Lead Plaintiff prevailed at trial.

38. The Defendants have denied and continue to deny, among other things, the characterization that the Lead Plaintiff or the Class have suffered damage

39. The Plan, subject to Court approval or modification without further notice, is as follows:

I. GENERAL PROVISIONS

A. Definitions:

40. The defined terms used herein (e.g., "Connetics"), have the meanings given to them in this Notice and/or in the Stipulation.
41. The term "market loss" means the amount by which the actual purchase or acquisition price of that security is greater than the actual sale price of that security.
42. The term "market profit" means the amount by which the actual purchase or acquisition price of that security is less than the actual sale price of that security.
43. The term "net market loss" means any market loss that occurs from the trading of Connetics securities during the Class Period after deducting any profits made from the trading of other Connetics securities during the Class Period.
44. The term "Recognized Loss," as used herein, is not market loss. Rather, it is a calculation to arrive at a loss figure for purposes of calculating an Authorized Claimant's *pro rata* participation in the Net Settlement Fund as described below.

45. The term "Recognized Gain," as used herein, is not market gain. Rather, it is a calculation to arrive at a gain figure for purposes of calculating an Authorized Claimant's *pro rata* participation in the Net Settlement Fund as described below.
46. The term "disclosure days" means those days during the Class Period when Connetics first issued allegedly false statements concerning certain of the factual allegations in the Complaint. These dates include: January 27, May 5, July 29, and October 26 in 2004, January 25, January 26, April 27, August 3, and November 2 in 2005 and February 1 in 2006.
47. The term "corrective disclosure days" means those days during the Class Period on which Lead Plaintiff claims the abnormal change in price of Connetics securities was attributable to corrections regarding the allegedly fraudulent misstatements being disseminated into the market. These dates include: April 27, June 13 and June 14 in 2005 and May 3, May 31, and July 10 in 2006.
48. The term "bonds," unless otherwise indicated herein, means Connetics 2.25% Convertible Senior Notes Due 5/30/2008 and/or Connetics 2.00% Convertible Senior Notes Due 3/30/2015.

B. To Receive a Distribution from the Net Settlement Fund, a Class Member MUST:

49. Establish membership in the Class;
50. Have purchased or otherwise acquired one of the Connetics securities listed in ¶C, below;
51. Complete and sign a Proof of Claim form and supply all required documentation;
52. Submit the completed claim form and documentation to the Claims Administrator on or before November 30, 2009; and
53. Have incurred a Recognized Loss and otherwise be deemed an Authorized Claimant.

C. Persons Who Purchased or Otherwise Acquired Any of the Following Connetics Securities During the Class Period May be Eligible for Participation in the Distribution:

54. Connetics common stock ("stock") and/or
55. Connetics 2.25% Convertible Senior Notes Due 5/30/2008.

D. Each Proof of Claim Form Must Separately Set Forth:

56. The Claimant's opening securities position in Connetics common stock and/or bonds as of the close of trading on January 26, 2004, the day before the first day of the Class Period;
57. Each transaction, i.e., purchase, acquisition, or sale, made during the Class Period (and continuing through October 6, 2006) in any Connetics security; and
58. Each Claimant's ending securities position in Connetics common stock and/or all bonds as of the close of trading on October 6, 2006, 90 days after the last day of the Class Period.

II. FACTORS CONSIDERED IN DEVELOPING THE PLAN OF ALLOCATION

A. The Recognized Loss for a Claimant's transactions will be calculated by the Claims Administrator in consultation with Lead Counsel in accordance with the provisions of this Plan of Allocation. Factors considered in developing the Plan of Allocation include, among others:

59. The quantity of publicly traded Connetics securities initially held, purchased, acquired or sold during the Class Period;
60. The time period in which the Connetics security was purchased or acquired;
61. Whether the security was held until after the end of the Class Period (July 9, 2006) or whether it was sold during the Class Period and, if so, when it was sold;
62. The alleged artificial inflation in the price of Connetics securities at different times during the Class Period attributable to defendants' false statements as alleged in this case (alleged "artificial inflation") as calculated by Lead Plaintiff's consultant. Based on the opinions of its damages consultant, Lead Counsel assumed, for purposes of determining the Recognized Loss, that there were varied amounts of alleged artificial inflation in prices of Connetics securities for the entire Class Period;
63. The type of security involved (common stock or bonds).

III. CALCULATION OF RECOGNIZED LOSS OR GAIN FOR CLAIMS GENERALLY

64. A "Recognized Loss" or "Gain" will be calculated for each purchase or acquisition of Connetics securities that occurred during the Class Period, listed in the claim form, and for which adequate documentation is provided.

A. Computation of Artificial Inflation for Connetics Securities

65. For purposes of developing the Plan of Allocation, Lead Plaintiff's consultant calculated the amount of alleged artificial inflation in the daily closing market prices for Connetics securities for each day of the Class Period. In computing alleged artificial inflation, Lead Plaintiff's consultant considered price changes of Connetics securities in reaction to certain public announcements regarding Connetics, and adjusted the price changes in Connetics securities for changes that were attributable to market forces unrelated to the alleged fraud.

66. The alleged artificial inflation for Connetics common stock and bonds is set forth in Table A attached to this Notice.

B. Use of "FIFO" Methodology for Computation of Recognized Losses for Class Members Who Made Multiple Transactions In Connetics Securities During the Class Period

67. For Class Members who made multiple purchases, acquisitions or sales of Connetics securities during the Class Period, the earliest subsequent sale of the same type of security shall be matched first against those securities in the Claimant's opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase or acquisition of that same type of security made during the Class Period. Purchases, acquisitions and sales of Connetics securities shall be deemed to have occurred on the "trade" date as opposed to the "settlement" date.

C. No Recognized Losses For Certain Purchases and Sales

68. Purchases or acquisitions of Connetics securities that are matched to sales prior to the first corrective disclosure day (i.e., April 27, 2005) will have a Recognized Loss of zero. This is because any losses prior to the first corrective disclosure were not allegedly caused by a corrective disclosure, but rather allegedly by other market forces. Similarly, individuals who purchased and sold Connetics securities solely during a subsequent period in which the amount of alleged artificial inflation remained constant (i.e., individuals who purchased and sold the same amount of Connetics securities during the period May 5, 2004, through July 28, 2004), will also have a Recognized Loss of zero.

69. Lead Plaintiff's damages consultant has determined that the price of the 2.00% Convertible Notes Due 2015 did not decline on any corrective disclosure after it became publicly traded. As a result, individuals who purchased these bonds will have a Recognized Loss of zero as to those purchases.

70. As reflected in the attached Table A, Lead Plaintiff's damages consultant has determined that the price of the 2.25% Convertible Notes Due 2008 declined on corrective disclosures on April 27, June 13, and June 14 of 2005, but did not decline on corrective disclosures on May 3, May 31, or July 10 of 2006. Therefore, individuals who purchased these bonds after June 14, 2005, will have a Recognized Loss of zero as to those purchases.

71. There is no Recognized Loss attributable to short sales.

D. Acquisition by Gift, Inheritance or Operation of Law

72. If a Class Member acquired Connetics securities during the Class Period by way of gift, inheritance or operation of law ("gift acquisition"), such a claim will be computed by using the date and price of the original purchase and not the date and price of transfer. In such instances, if possible, the recipient must provide documentation of the original purchase in addition to the transfer. To the extent those Connetics securities were originally purchased prior to commencement of the Class Period, the Recognized Loss for that acquisition shall be zero.

E. Employee Stock Options

73. For Class Members who acquired publicly traded Connetics securities by exercising employee stock options granted to him or her by Connetics, the purchase price shall be the exercise price or strike price that the Class Member actually paid.

F. Payments Less Than \$10.00

74. A payment to any Class Member that would amount to less than \$10.00 in total will not be included in the calculation of the Net Settlement Fund, and no payment to these Class Members will be distributed.

IV. CALCULATION OF RECOGNIZED LOSS AND GAIN

A. Recognized Loss

75. For each Connetics share or bond held as of the close of trading on January 26, 2004, the day before the beginning of the Class Period, the Recognized Loss is zero.

76. For each Connetics share or 2.25% Convertible Senior Note Due 5/30/2008 purchased or acquired (including share exchange acquisitions) from January 27, 2004, through July 9, 2006:

(a) and that was still held at the close of trading on July 9, 2006: the Recognized Loss per share or bond (which is limited to be non-negative) is the lesser of: (a) the alleged artificial inflation amount indicated in Table A, for the date such share or bond was purchased or acquired; or (b) the purchase price or acquisition price per share or bond (including commissions and other charges) less the post-Class Period rolling average closing price as indicated in Table B for the date such share or bond was sold, or October 6, 2006, if still held on October 6, 2006.

(b) and that was sold during the Class Period: the Recognized Loss per share (which is limited to be non-negative) is the lesser of: (a) the amount by which the alleged artificial inflation per share or bond on the date of purchase or acquisition exceeds the alleged artificial inflation per share on the date of sale, as set forth in Table A; or (b) the purchase price less the sales price.

77. Any Recognized Loss on bonds shall be multiplied by 0.2.

B. Recognized Gain

78. Connetics shares or bonds held as of the close of trading on January 26, 2004, the day before the beginning of the Class Period:

(a) and that were still held at the close of trading on July 9, 2006: the Recognized Gain per share is zero.

(b) and that were sold during the Class Period: the Recognized Gain per share is the alleged artificial inflation per share on the date of sale, as set forth in Table A.

79. Connetics shares or bonds purchased or acquired (including share exchange acquisitions) from January 27, 2004 through July 9, 2006:

(a) and that were still held at the close of trading on July 9, 2006: the Recognized Gain per share is zero.

(b) and that were sold during the Class Period: the Recognized Gain per share (which is limited to be non-negative) is the amount by which the alleged artificial inflation per share on the date of sale exceeds the alleged artificial inflation per share on the date of purchase or acquisition, as set forth in Table A.

80. Any Recognized Gain on bonds shall be multiplied by 0.2.

V. COMPUTATION OF NET RECOGNIZED LOSS FOR EACH CLASS MEMBER

81. Recognized Loss or Gain with respect to a purchase or acquisition of a Connetics security (e.g., common stock or bonds), is calculated by multiplying the number of shares or bonds of each such security by the appropriate Recognized Loss or Gain for a single share or \$100 par value of bonds of that security, as described in Section IV.

82. The Net Recognized Loss for each Class Member is calculated by (1) adding the Recognized Losses for each Connetics security purchased or acquired by the Class Member during the Class Period (i.e., adding all Recognized Losses for common stock and/or bonds); and (2) subtracting any Recognized Gains for each Connetics security held or sold by the Class Member during the Class Period (i.e., subtracting all Recognized Gains for common stock and/or bonds).

83. All market profits shall be subtracted from all market losses on all transactions in Connetics publicly-traded securities during the Class Period to determine the net market loss of each Class Member.

84. For purposes of determining whether a Claimant had a market profit or suffered a market loss from his, her or its overall transactions in any Connetics security during the Class Period, the Claims Administrator shall: (i) total the amount paid (excluding commissions and other charges) for all Connetics securities purchased during the Class Period by the Claimant (the "Total Purchase Amount"); (ii) match any sales of each respective Connetics security during the Class Period first against the Claimant's opening position in each respective Connetics security (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received (excluding commissions and other charges, etc.) for sales of the remaining Connetics securities sold during the Class Period (the "Sales Proceeds"); and (iv) assign the holding price indicated in Table B for each security (the closing price of each Connetics security on July 10, 2007) for the number of Connetics securities purchased during the Class Period and still held at the end of the Class Period ("Holding Value"). The Total Purchase Amount (i) less the Sales Proceeds (ii) and less the Holding Value (iii) will be deemed a Claimant's market profit or market loss (a profit occurs if a negative number is calculated) on his, her or its overall transactions in each Connetics security during the Class Period.

85. If, during the Class Period, a Class Member made a net market profit in his, her or its transactions in publicly-traded Connetics securities, the amount of the Class Member's Recognized Loss shall be zero.

86. If, during the Class Period, a Class Member has a net market loss in his, her or its trading in publicly-traded Connetics securities that is less than his, her or its Recognized Loss, the Class Member's claim shall be limited to the Class Member's net market loss.

VI. DISTRIBUTION OF THE NET SETTLEMENT FUND

87. "Net Recognized Loss" will be used for calculating the relative amount of participation by Authorized Claimants in the Net Settlement Fund and does not reflect the actual amount an Authorized Claimant can expect to recover from the Net Settlement Fund. The Net Recognized Losses of all Authorized Claimants may be greater than the Net Settlement Fund. In such event, subject to the \$10.00 minimum payment requirement discussed above, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund, which shall be his, her, or its Net Recognized Loss divided by the total of all Net Recognized Losses to be paid, multiplied by the total amount in the Net Settlement Fund.

88. Although short sales will have no Recognized Loss under the Plan of Allocation, any Recognized Gain attributable to such short sales will be used to offset Recognized Losses from other transactions. Furthermore, market gains or losses attributable to short sales will be calculated as part of the market gain or loss calculation.

89. Payment pursuant to the Plan shall be conclusive against all Claimants. No Person shall have any claim against Lead Counsel, Lead Plaintiff, the Claims Administrator, Defendants and their Related Parties, or any Person designated by Lead Counsel based on distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further order(s) of the Court. All Class Members who fail to timely submit a Proof of Claim within such period, or such other period as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to the settlement, but will in all other respects be subject to and bound by the terms of the settlement, including the releases.

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

91. The Plan of Allocation set forth herein is the plan that is being proposed by Lead Plaintiff and Lead Counsel to the Court for approval. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Class.

WHAT RIGHTS AM I GIVING UP BY AGREEING TO THE SETTLEMENT?

92. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims against the Defendants and will provide that Lead Plaintiff and all other Class Members shall be deemed to have – and by operation of the Judgment shall have – fully and finally released, waived, discharged, and dismissed each and every Settled Claim (as defined in paragraph 94 below), including Unknown Claims (as defined in the Stipulation) against the Released Parties (as defined in paragraph 95 below), and shall forever be enjoined from prosecuting any or all Settled Claims, against any Released Party.

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

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

The Lead Plaintiff and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Settled Claims, but which Lead Plaintiff shall expressly and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Settled Claims, known or Unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff and the Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Settled claims and Defendants' Claims was separately bargained for and was a key element of the Settlement.

94. "Settled Claims" means any and all claims and causes of action of every nature and description, whether known or Unknown, fixed or contingent, whether arising under federal, state, common or foreign law, that Lead Plaintiff or any other member of the Class (a) asserted in the Litigation or (b) could have asserted in any forum, that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, statements, representations or omissions involved, set forth, or referred to in the Complaint that relate to the purchase or acquisition of the Company's publicly traded securities during the Class Period or to the adequacy of any disclosures during the Class Period or that could have been asserted in the Litigation.

95. "Released Parties" means: (i) Defendants; (ii) Dismissed Defendants; and (iii) each of the Related Parties.

96. "Related Parties" means each of Defendants' respective present or former officers, directors, agents, employees, attorneys, any auditor of the Company named as a defendant in any complaint filed in this Litigation, controlling shareholders, insurers, co-insurers, re-insurers, representatives, trustees, spouses, heirs, executors, administrators, predecessors, subsidiaries, divisions, joint ventures, parents and officers, directors and employees thereof; affiliates and officers, directors and employees thereof; subsidiaries and officers, directors and employees thereof; general and limited partners, principals, and successors and assigns.

97. The Judgment also will provide that Defendants and each of their Related Parties shall be deemed by operation of law to have fully, finally, and forever released, waived, discharged and dismissed each and every of the Defendants' Claims (as defined in paragraph 98 below), and shall forever be enjoined from prosecuting any or all of the Defendants' Claims, against Lead Plaintiff, the Class Members and their counsel.

98. "Defendants' Claims" means any and all claims and causes of action of every nature and description, whether known or Unknown, fixed or contingent, whether arising under federal, state, common or foreign law, that have been or could have been asserted in the Litigation or any forum by the Defendants and/or their Related Parties or any of them or the successors and assigns of any of them against the Lead Plaintiff, Class Members or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of the Litigation (except for claims to enforce the Settlement).

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

99. Lead Counsel has not received any payment for its services in pursuing claims against Defendants on behalf of the Class, nor has Lead Counsel been reimbursed for its out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel intends to apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 25% of the Settlement Fund plus interest at the same rate and for the same time period as earned by the Settlement Fund. At the same time, Lead Counsel also intends to apply for the reimbursement of Litigation Expenses not to exceed \$550,000 plus interest at the same rate and for the same time period as earned by the Settlement Fund.

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

100. If you purchased or otherwise acquired publicly traded Connetics securities during the period between January 27, 2004 through July 9, 2006, inclusive, and you are not excluded by the definition of the Class and you do not elect to exclude yourself from the Class, then you are a Class Member, and you will be bound by the proposed Settlement if the Court approves it, and by any judgment or determination of the Court affecting the Class. If you are a Class Member, you must submit a Claim Form and supporting documentation to establish your entitlement to share in the Settlement. A Claim Form is included with this Notice, or you may go to the website maintained by the Claims Administrator for the Settlement to request that a Claim Form be mailed to you. The website is www.ConneticsSecuritiesLitigation.com. You may also request a Claim Form by calling toll-free (800) 494-9209. Copies of the Claim Form can also be downloaded from Lead Counsel's website at www.blbglaw.com. Those who exclude themselves from the Class, and those who do not submit timely and valid Claim Forms with adequate supporting documentation will not be entitled to share in the Settlement. Please retain all records of your ownership of, or transactions in Connetics securities, as they may be needed to document your Claim.

101. As a 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 notice of appearance on the attorneys listed in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement?" below.

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

103. If you wish to object to the Settlement or any of its terms, the proposed 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 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.

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

104. Each Class Member will be bound by all determinations and judgments in this lawsuit, including those concerning the Settlement, whether favorable or unfavorable, unless such person or entity mails, by first-class mail (or its equivalent outside the U.S.), or otherwise delivers a written Request for Exclusion from the Class, addressed to In re Connetics Securities Litigation - Exclusions - c/o A.B. Data, Ltd., PO Box 170500, Milwaukee, WI 53217-8042. The exclusion request must be **received** no later than September 30, 2009. You will not be able to exclude yourself from the Class after that date. Each Request for Exclusion must (i) state the name and address of the person or entity requesting exclusion; (ii) state that such person or entity requests exclusion from the Class in *In re Connetics Securities Litigation*, C 07-02940 SI; (iii) be signed by the person or entity requesting exclusion; (iv) provide a telephone number for that person or entity; and (v) provide the date(s), price(s), and number(s) of shares of all purchases, acquisitions, and sales of Connetics securities during the Class Period. Requests for exclusion will not be valid if they are not received within the time stated above, unless the Court otherwise determines.

105. If you do not want to be part of the 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 Settled Claims.

106. If a person or entity requests to be excluded from the Class, that person or entity will not receive any benefit provided for in the settlement.

107. If Class Members who purchased or acquired more than a certain number of shares of Connetics common stock during the Class Period choose to exclude themselves from the Class, as set forth in a separate supplemental agreement between Lead Plaintiff and Defendants (the "Supplemental Agreement"), Defendants shall have, in their sole and absolute discretion (which must be unanimously exercised), the option to terminate this Stipulation in accordance with the procedures set forth in the Supplemental Agreement.

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?

108. If you do not wish to object in person to the proposed Settlement, proposed Plan of Allocation, and/or the application for attorneys' fees and reimbursement of litigation expenses, you do not need to attend the Final Approval Hearing. You can object to or participate in the Settlement without attending the Final Approval Hearing.

109. The Final Approval Hearing will be held on October 9, 2009, at 9:00 a.m. before the Honorable Susan Illston, at the United States District Court for the Northern District of California, 450 Golden Gate Avenue, Courtroom 10, San Francisco, California 94102. The Court reserves the right to approve the Settlement, the Plan of Allocation or the request for attorneys' fees and reimbursement of expenses at or after the Final Approval Hearing without further notice to the members of the Class.

110. Any Class Member who does not request exclusion **received** no later than September 30, 2009 may object to the Settlement, the Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and reimbursement of expenses. Objections or oppositions must be in writing. You must file any written objection or opposition, together with copies of all other papers (including proof of all purchases or acquisitions of Connetics securities during the Class Period) and briefs, with the Clerk's Office at the United States District Court for the Northern District of California at the address set forth below on or before September 30, 2009. You must also serve the papers on Lead Counsel for the Class and counsel for Defendants at the addresses set forth below so that the papers are **received** on or before September 30, 2009.

Clerk's Office
United States District Court
for the Northern District of California
Clerk of the Court
450 Golden Gate Avenue
San Francisco, California 94102

Lead Counsel for the Class
BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
David Stickney, Esq.
Niki L. Mendoza, Esq.
12481 High Bluff Drive, Suite 300
San Diego, California 92130-3582

Counsel for Defendants
FENWICK & WEST LLP
Susan S. Muck, Esq.
Catherine D. Kevane, Esq.
555 California Street, 12th Floor
San Francisco, CA 94104

111. The filing must demonstrate your membership in the Class, including the number of shares of Connetics securities purchased or otherwise acquired or sold during the Class Period and the price(s) paid and received. You may not object to the Settlement or any aspect of it, if you are not a Class Member or if you excluded yourself from the Class.

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

113. 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 request for an award of attorneys' fees and reimbursement of expenses, and if you have filed and served a timely written objection as described above, you also must notify the above counsel on or before September 30, 2009, concerning your intention to appear. Persons who intend to object and desire to present evidence at the Final Approval Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing.

114. You are not required to hire an attorney to represent you in making written objections or in appearing at the Final Approval Hearing. If you decide to hire an attorney, which will be at your own expense, however, he or she must file a notice of appearance with the Court and serve it on Lead Counsel so that the notice is received on or before September 30, 2009.

115. The Final Approval Hearing may be adjourned by the Court without further written notice to the Class. If you intend to attend the Final Approval Hearing, you should confirm the date and time with Lead Counsel.

Unless the Court orders otherwise, any Class Member who does not object in the manner described above will 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 request for an award of attorneys' fees and reimbursement of expenses. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

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

116. If you purchased or otherwise acquired Connetics securities during the Class Period for the beneficial interest of a person or organization other than yourself, you must either (i) send a copy of this Notice to the beneficial owner of such Connetics securities, postmarked no later than fourteen (14) days after you receive this Notice, or (ii) provide the names and addresses of such persons no later than fourteen (14) days after you receive this Notice to In re Connetics Securities Litigation, Claims Administrator, Attention: Fulfillment Department, Claims Administrator, c/o A.B. Data, Ltd., 3410 West Hopkins Street, PO Box 170500, Milwaukee, WI 53217-8042. If you choose the second option, the Claims Administrator will send a copy of the Notice to the beneficial owner. 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 may also be obtained from the Claims Administrator's website www.abdataclassaction.com, or by calling toll-free (800) 494-9209, or may be downloaded from the settlement website, www.ConneticsSecuritiesLitigation.com, or from Lead Counsel's website, www.blbglaw.com.

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

117. This Notice contains only a summary of the terms of the proposed Settlement. More detailed information about the matters involved in the Litigation is available at www.ConneticsSecuritiesLitigation.com, including, among other documents, copies of the Stipulation, Claim Form, the Complaint, and certain Court Orders. Papers in support of the Settlement, the Plan of Allocation, and Lead Counsel's application for attorneys' fees and payment of expenses will be submitted for receipt on or before September 18, 2009. Copies of such papers will be available at www.ConneticsSecuritiesLitigation.com.

118. All inquiries concerning this Notice or the Claim Form should be directed to:

In re Connetics Securities Litigation
Claims Administrator
c/o A.B. Data, Ltd.
PO Box 170500
Milwaukee, WI 53217-8042
(800) 494-9209
Claims Administrator

OR

David Stickney, Esq.
Niki L. Mendoza, Esq.
BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
12481 High Bluff Drive, Suite 300
San Diego, California 92130-3582
(888) 924-1888
blbg@blbglaw.com
Lead Counsel

DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF COURT REGARDING THIS NOTICE.

Dated: July 31, 2009

By Order of the Clerk of Court
United States District Court
for the Northern District of California

QUESTIONS? CALL (800) 494-9209 OR VISIT WWW.CONNETICSECURITIESLITIGATION.COM

Table B

Post-Settlement Rolling Average Price for Connetics Corp.

Note: There are a number of days for which pricing data are not available for Connetics 2.25% Convertible Notes Due 2008 and 2.00% Convertible Notes Due 2015. For the purposes of this table only, the price on each day is assumed to be the most recent available price.

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
7/10/2006	7.76	95.71	91.97
7/11/2006	7.88	95.71	92.08
7/12/2006	7.89	95.71	91.81
7/13/2006	7.92	95.71	91.67
7/14/2006	7.91	95.71	91.63
7/17/2006	7.92	95.71	91.72
7/18/2006	7.91	95.71	91.77
7/19/2006	7.95	95.71	91.82
7/20/2006	8.00	95.71	91.85
7/21/2006	8.04	95.71	91.88
7/24/2006	8.11	95.71	91.90
7/25/2006	8.22	95.46	91.14
7/26/2006	8.28	95.25	90.49
7/27/2006	8.36	95.08	89.98
7/28/2006	8.45	94.93	89.53
7/31/2006	8.52	94.80	89.14
8/1/2006	8.59	94.68	88.79
8/2/2006	8.69	94.58	88.50
8/3/2006	8.78	94.49	88.24

8/4/2006	8.87	94.40	88.01
8/7/2006	8.93	94.33	87.80
8/8/2006	8.98	94.26	87.60
8/9/2006	9.02	94.20	87.43
8/10/2006	9.06	94.14	87.27
8/11/2006	9.07	94.09	87.16
8/14/2006	9.07	94.04	87.05
8/15/2006	9.11	93.99	86.96
8/16/2006	9.14	93.96	86.84
8/17/2006	9.17	93.94	86.72
8/18/2006	9.20	93.91	86.61
8/21/2006	9.23	93.88	86.50
8/22/2006	9.25	93.86	86.40
8/23/2006	9.28	93.84	86.31
8/24/2006	9.30	93.81	86.22
8/25/2006	9.34	93.79	86.14
8/28/2006	9.39	93.77	86.06
8/29/2006	9.43	93.75	86.00
8/30/2006	9.48	93.73	85.93
8/31/2006	9.51	93.72	85.88
9/1/2006	9.54	93.70	85.82
9/5/2006	9.57	93.69	85.77
9/6/2006	9.59	93.68	85.72
9/7/2006	9.61	93.66	85.67

9/8/2006	9.63	93.63	85.63
9/11/2006	9.64	93.61	85.59
9/12/2006	9.66	93.60	85.56
9/13/2006	9.68	93.58	85.54
9/14/2006	9.69	93.56	85.51
9/15/2006	9.71	93.55	85.49
9/18/2006	9.72	93.53	85.47
9/19/2006	9.73	93.51	85.45
9/20/2006	9.75	93.50	85.42
9/21/2006	9.76	93.49	85.41
9/22/2006	9.77	93.47	85.39
9/25/2006	9.80	93.48	85.37
9/26/2006	9.81	93.47	85.36
9/27/2006	9.82	93.46	85.34
9/28/2006	9.83	93.47	85.33
9/29/2006	9.85	93.47	85.31
10/2/2006	9.86	93.48	85.31
10/3/2006	9.87	93.48	85.30
10/4/2006	9.88	93.49	85.29
10/5/2006	9.89	93.50	85.28
10/6/2006	9.90	93.50	85.27

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

IN RE CONNETICS
SECURITIES LITIGATION.

Case No. C 07-02940 SI

PROOF OF CLAIM FORM

GENERAL INSTRUCTIONS

1. To recover as a member of the Class based on your claims in the action entitled *In re Connetics Securities Litigation*, Case No. C 07-02940 SI (the "Litigation"), you must complete and, on page 8 hereof, sign this Proof of Claim Form. If you fail to timely file a properly addressed (as set forth in paragraph 3 below) Proof of Claim Form, your claim may be rejected and you may be precluded from any recovery from the Settlement Fund created in connection with the proposed settlement of the Litigation.
2. Submission of this Proof of Claim Form, however, does not assure that you will share in the proceeds of the settlement of the Litigation.
3. **YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM FORM POSTMARKED ON OR BEFORE NOVEMBER 30, 2009, ADDRESSED AS FOLLOWS:**

IN RE CONNETICS SECURITIES LITIGATION
CLAIMS ADMINISTRATOR
C/O A.B. DATA, LTD.
PO BOX 170500
MILWAUKEE, WI 53217-8042

If you are NOT a member of the Class (as defined below and in the Notice Of Pendency Of Class Action And Proposed Settlement, Final Approval Hearing, And Motion For Attorneys' Fees And Reimbursement Of Litigation Expenses ("Notice")), **DO NOT** submit a Proof of Claim Form.

4. If you are a member of the Class and you did not timely request exclusion in connection with the proposed settlement, you are bound by the terms of any judgment entered in the Litigation, including the releases provided therein, **WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM FORM.**

CLAIMANT IDENTIFICATION

If you purchased or acquired Connetics securities, and held documents evidencing these transactions (i.e., stock certificate(s), etc.) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased or acquired Connetics securities and the transactional document(s) was/were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

Use Part I of the Proof of Claim Form – entitled "CLAIMANT IDENTIFICATION" – to identify each purchaser of record ("nominee"), if different from the beneficial purchaser of Connetics securities which forms the basis of this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER OR PURCHASERS, OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER OR PURCHASERS, OF THE CONNETICS SECURITY OR SECURITIES UPON WHICH THIS CLAIM IS BASED.**

All joint purchasers must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

CLAIM FORM

Use Part II of Proof of Claim and Release – entitled "TRANSACTIONS IN CONNETICS SECURITIES" – to supply all required details of your transaction(s) in Connetics securities. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name and Social Security or taxpayer identification number on each additional sheet.

On the schedules, provide all of the requested information with respect to all of your purchases, acquisitions, and free receipts and all of your sales and free deliveries of Connetics securities which took place at any time during the Class Period, and including up through October 6, 2006, whether such transactions resulted in a profit or loss. Failure to report all requested information may result in the rejection of your claim.

List each transaction separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

The date of covering a "short sale" is deemed to be the date of purchase of Connetics securities. The date of a "short sale" is deemed to be the date of sale of Connetics securities.

Copies of broker confirmations or other documentation of your transactions in Connetics securities should be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

Must Be Postmarked
No Later Than
November 30, 2009

In re Connetics Securities Litigation
Please Type or Print



For Official Use Only



PART I: CLAIMANT IDENTIFICATION

Last Name (Claimant)

First Name (Claimant)

Last Name (Beneficial Owner If Different From Claimant)

First Name (Beneficial Owner)

Last Name (Co-Beneficial Owner)

First Name (Co-Beneficial Owner)

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

Trustee/Nominee/Other

Account Number (If Claimant Is Not an Individual)

Trust/Other Date (If Applicable)

Address Line 1

Address Line 2 (If Applicable)

City

State

Zip Code

Foreign Province

Foreign Zip Code

Foreign Country

Check Here to Use Alternate Address for Distribution

(Optional) Distribution Address

Distribution Address Line 1

Distribution Address Line 2 (If Applicable)

City

State

Zip Code

Foreign Province

Foreign Zip Code

Foreign Country

Telephone Number (Day)

Telephone Number (Night)

() -

() -

Taxpayer Identification Number

or

Social Security Number

Email Address

Check appropriate box (check only one box):

- Individual/Sole Proprietor Joint Owners Pension Plan IRA
 Corporation Partnership Trust Other (describe: _____)

NOTE: Separate Proof of 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; an individual should not combine his or her IRA transactions with transactions made solely in the individual's name). Conversely, a single Proof of Claim Form should be submitted on behalf of one legal entity including all transactions made by that entity no matter how many separate accounts that entity has (e.g., a corporation with multiple brokerage accounts should include all transactions in Connetics securities during the Class Period on one Proof of Claim Form, no matter how many accounts the transactions were made in).

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. All Claimants MUST submit a manually signed paper Proof of Claim Form listing all their transactions, whether or not they also submit electronic copies. If you wish to file your Claim electronically, you must contact the Claims Administrator at (800)-949-0194 or visit their website at www.abdataclassaction.com to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the Claimant a written acknowledgment of receipt and acceptance of electronically submitted data.

PART II: TRANSACTIONS IN CONNETICS SECURITIES

A. INITIAL COMMON STOCK HOLDINGS: Proof enclosed?
 State the number of shares of Connetics common stock the Claimant owned at the close of trading on January 26, 2004 (if none, write "0"; if other than zero, documentation must be provided). Y N

B. COMMON STOCK PURCHASES/ACQUISITIONS:
 List all purchases, acquisitions, and free receipts of Connetics common stock made between January 27, 2004, and October 6, 2006, inclusive. (NOTE: If you acquired your Connetics common stock during this period other than by an open market purchase, please provide a complete description of the terms of the acquisition on a separate page.) Be sure to attach the required documentation.
IF NONE, CHECK HERE

Trade date(s) List chronologically			Number of shares purchased or acquired	Purchase price per share (excluding taxes, commissions, etc.)	Proof of purchase enclosed
MM	DD	YYYY			
/	/			\$	Y
/	/			\$	N
/	/			\$	Y
/	/			\$	N
/	/			\$	Y
/	/			\$	N

C. COMMON STOCK SALES:
 List all sales and free deliveries of Connetics common stock made between January 27, 2004, and October 6, 2006, inclusive. Be sure to attach the required documentation.
IF NONE, CHECK HERE

Trade date(s) List chronologically			Number of shares sold	Sale price per share (excluding taxes, commissions, etc.)	Proof of sale enclosed
MM	DD	YYYY			
/	/			\$	Y
/	/			\$	N
/	/			\$	Y
/	/			\$	N
/	/			\$	Y
/	/			\$	N

D. UNSOLD COMMON STOCK HOLDINGS AT OCTOBER 6, 2006:

Proof enclosed?

State the number of shares of Connetics common stock the Claimant owned at the close of trading on October 6, 2006 (if none, write "0"; if other than zero, documentation must be provided).

Y N

E. CONNETICS 2.25% CONVERTIBLE SENIOR NOTES DUE 5/30/2008 HOLDINGS:

Proof enclosed?

State the number of Connetics 2.25% Convertible Senior Notes Due 5/30/2008 the Claimant owned at the close of trading on January 26, 2004 (if none, write "0"; if other than zero, documentation must be provided).

Y N

F. CONNETICS 2.25% CONVERTIBLE SENIOR NOTES DUE 5/30/2008 PURCHASES/ACQUISITIONS:

List all purchases, acquisitions, and free receipts of Connetics 2.25% Convertible Senior Notes Due 5/30/2008 made between January 27, 2004, and October 6, 2006, inclusive. (NOTE: If you acquired such Notes during this period other than by an open market purchase, please provide a complete description of the terms of the acquisition on a separate page.) Be sure to attach the required documentation.

IF NONE, CHECK HERE

Trade date(s) List chronologically			Number of notes purchased or acquired	Purchase price per note (excluding taxes, commissions, etc.)	Proof of purchase enclosed
MM	DD	YYYY			
/	/			\$	Y N
/	/			\$	Y N
/	/			\$	Y N
/	/			\$	Y N

G. CONNETICS 2.25% CONVERTIBLE SENIOR NOTES DUE 5/30/2008 SALES:

List all sales and free deliveries of Connetics 2.25% Convertible Senior Notes Due 5/30/2008 made between January 27, 2004, and October 6, 2006, inclusive. Be sure to attach the required documentation.

IF NONE, CHECK HERE

Trade date(s) List chronologically			Number of notes sold	Sale price per note (excluding taxes, commissions, etc.)	Proof of sale enclosed
MM	DD	YYYY			
/	/			\$	Y N
/	/			\$	Y N
/	/			\$	Y N
/	/			\$	Y N

H. UNSOLD CONNETICS 2.25% CONVERTIBLE SENIOR NOTES DUE 5/30/2008 HOLDINGS AT OCTOBER 6, 2006:

Proof enclosed?

State the number of Connetics 2.25% Convertible Senior Notes Due 5/30/2008 the Claimant owned at the close of trading on October 6, 2006 (if none, write "0"; if other than zero, documentation must be provided).

Y N

I. CONNETICS 2.00% CONVERTIBLE SENIOR NOTES DUE 3/30/2015 PURCHASES/ACQUISITIONS:

List all purchases, acquisitions, and free receipts of Connetics 2.00% Convertible Senior Notes Due 3/30/2015 made between January 27, 2004, and October 6, 2006, inclusive. (NOTE: If you acquired such Notes during this period other than by an open market purchase, please provide a complete description of the terms of the acquisition on a separate page.) Be sure to attach the required documentation.

IF NONE, CHECK HERE

Trade date(s) List chronologically			Number of notes purchased or acquired	Purchase price per note (excluding taxes, commissions, etc.)	Proof of purchase enclosed
MM	DD	YYYY			
/	/			\$	Y
					N
/	/			\$	Y
					N
/	/			\$	Y
					N
/	/			\$	Y
					N

J. CONNETICS 2.00% CONVERTIBLE SENIOR NOTES DUE 3/30/2015 SALES:

List all sales and free deliveries of Connetics 2.00% Convertible Senior Notes Due 3/30/2015 made between January 27, 2004, and October 6, 2006, inclusive. Be sure to attach the required documentation.

IF NONE, CHECK HERE

Trade date(s) List chronologically			Number of notes sold	Sale price per note (excluding taxes, commissions, etc.)	Proof of sale enclosed
MM	DD	YYYY			
/	/			\$	Y
					N
/	/			\$	Y
					N
/	/			\$	Y
					N
/	/			\$	Y
					N

K. UNSOLD CONNETICS 2.00% CONVERTIBLE SENIOR NOTES DUE 3/30/2015 HOLDINGS AT OCTOBER 6, 2006:

Proof enclosed?

State the number of Connetics 2.00% Convertible Senior Notes Due 3/30/2015 the Claimant owned at the close of trading on October 6, 2006 (if none, write "0"; if other than zero, documentation must be provided).

Y N

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS, PLEASE PHOTOCOPY THIS PAGE, WRITE YOUR NAME ON THE COPY AND CHECK THIS BOX

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

PART III: RELEASE OF CLAIMS AND SIGNATURE

Definitions

"Effective Date," as further defined in the Stipulation, means the date on which all of the following shall have occurred: (a) the Court has entered the Preliminary Approval Order; (b) payment has been made pursuant to paragraph 6 of the Stipulation; (c) the Court has approved the Settlement, following notice to the Class and a hearing; and (d) the Court has entered the Judgment, which has become Final.

"Judgment" means the judgment to be rendered by the Court substantially in the form attached to the Stipulation as Exhibit B.

"Defendants" means Connetics, Thomas G. Wiggins, Gregory Vontz, John L. Higgins, and Lincoln Krochmal.

"Dismissed Defendants" means Alexander J. Yaroshinsky and Victor E. Zak.

"Released Parties" means (i) Defendants; (ii) Dismissed Defendants; and (iii) each of Defendants' respective present or former officers, directors, agents, employees, attorneys, any auditor of the Company named as a defendant in any complaint filed in this Litigation, controlling shareholders, insurers, co-insurers, re-insurers, representatives, trustees, spouses, heirs, executors, administrators, predecessors, subsidiaries, divisions, joint ventures, parents and officers, directors and employees thereof; affiliates and officers, directors and employees thereof; subsidiaries and officers, directors and employees thereof; general and limited partners, principals, and successors and assigns.

“Settled Claims” means any and all claims and causes of action of every nature and description, whether known or Unknown, fixed or contingent, whether arising under federal, state, common or foreign law, that Lead Plaintiff or any other member of the Class (a) asserted in the Litigation or (b) could have asserted in any forum, that arise out of, are based upon or in any manner relate to the allegations, transactions, facts, matters or occurrences, statements, representations or omissions involved, set forth, or referred to in the Complaint that relate to the purchase or acquisition of the Company’s publicly traded securities during the Class Period or to the adequacy of any disclosures during the Class Period or that could have been asserted in the Litigation.

“Defendants’ Claims” means any and all claims and causes of action of every nature and description, whether known or Unknown, fixed or contingent, whether arising under federal, state, common or foreign law, that have been or could have been asserted in the Litigation or any forum by the Defendants and/or their Related Parties or any of them or the successors and assigns of any of them against the Lead Plaintiff, Class Members or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of the Litigation (except for claims to enforce the Settlement).

“Class” means the Class as certified by the Court’s Order filed May 12, 2009 (Dkt. No. 183), which is defined as all persons and entities who purchased or otherwise acquired the publicly traded securities of Connetics from January 27, 2004, through July 9, 2006, and who suffered damages as a result. Excluded from the Class are: (i) the Defendants and Dismissed Defendants; (ii) members of the family of each Individual Defendant or Dismissed Defendant; (iii) any person who was an officer or director of Connetics during the Class Period; (iv) any person who is or was named as a defendant in any U.S. Government or state criminal or civil proceeding relating to Connetics; (v) any firm, trust, corporation, officer, or other entity in which any Defendant or Dismissed Defendant has a controlling interest; and (vi) the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any such excluded party. Also excluded from the Class are any persons who validly exclude themselves by filing a request for exclusion in accordance with the requirements set forth in the Notice.

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

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Lead Plaintiff and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Settled Claims, but each Lead Plaintiff shall expressly and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Settled Claims, known or Unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff and the Defendants acknowledge, and Class Members and Related Parties by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Settled Claims and Defendants’ Claims was separately bargained for and was a key element of the Settlement.

The Release

I (We) understand and acknowledge that without further action by anyone, on and after the Effective Date, each Class Member, on behalf of themselves, their heirs, executors, administrators, predecessors, successors and assigns, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Judgment shall have fully, finally, and forever released, relinquished, and discharged all Settled Claims (including Unknown Claims) against each and all of the Released Parties, whether or not a Proof of Claim Form is executed and delivered by, or on behalf of, such Class Member.

SIGNATURE AND CERTIFICATIONS

By signing and submitting this Proof of Claim Form, the Claimant(s) or the person(s) who represents the Claimant(s) certifies, as follows:

I (We) submit this Proof of Claim Form under the terms of the Stipulation and Agreement of Settlement described in the Notice. I also submit to the jurisdiction of the United States District Court for the Northern District of California, with respect to my claim as a Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am bound by and subject to the terms of any judgment that may be entered in the Litigation. I (We) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (We) have not submitted any other claim covering the same purchases or acquisitions of Connetics securities during the Class Period and know of no other person having done so on my behalf.

I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever release, relinquish and discharge all Settled Claims (including Unknown Claims) against each and all the “Released Parties,” defined as Defendants; (ii) Dismissed Defendants; and (iii) each of their Related Parties (defined above).

1. that the Claimant(s) is a (are) Class Member(s), as defined herein and in the Notice;
2. that I (we) have not filed a request for exclusion from the Class and that I (we) do not know of any request for exclusion from the Class filed on my (our) behalf with respect to my (our) transactions in Connetics securities;

Exhibit B

DATE: JULY 31, 2009

TO: BANKS, BROKERS, AND OTHER NOMINEES

RE: *IN RE CONNETICS SECURITIES LITIGATION*

TICKER SYMBOL "CNCT"
CUSIPs 208192104, 208192AB0, & 208192AD6

Attached please find the Notice of Pendency of Class Action and Proposed Settlement, Final Approval Hearing, and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses ("Notice") and Proof of Claim Form for *In re Connetics Securities Litigation*, Case No. C 07-02940 SI, pending in the United States District Court for the Northern District of California.

Please be advised that any beneficial owner for whom you purchased or acquired the publicly traded securities of Connetics Corp. ("Connetics") during the period from January 27, 2004 through July 9, 2006, may be affected by this class action lawsuit.

Pursuant to the Notice, if you purchased or otherwise acquired Connetics securities during the Class Period for the beneficial interest of a person or organization other than yourself, you must either (i) send a copy of this Notice to the beneficial owner of such Connetics securities, postmarked no later than fourteen (14) days after you receive this Notice to the address below, or (ii) provide the names and addresses of such persons no later than fourteen (14) days after you receive this Notice. If you choose the second option, the Claims Administrator will send a copy of the Notice to the beneficial owner.

Additional copies of the Notice and Proof of Claim may be requested by calling 866-561-6065 within the United States and Canada or 1-414-961-4888 from outside the United States and Canada, faxing your request to 1-414-961-7499, or emailing fulfillment@abdata.com. Mailing labels, data files, and written requests may also be sent to:

**IN RE CONNETICS SECURITIES LITIGATION
CLAIMS ADMINISTRATOR
ATTENTION: FULFILLMENT DEPARTMENT
C/O A.B. DATA, LTD.
3410 WEST HOPKINS STREET
PO BOX 170500
MILWAUKEE, WI 53217-8042**

**866-561-6065
1-414-961-4888 outside the United States or Canada
1-414-961-7499 fax
fulfillment@abdata.com
abdataclassaction.com**

CLAIMS ADMINISTRATOR

Exhibit C

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re CONNETICS SECURITIES
LITIGATION.

This Document Relates To:

ALL ACTIONS.

Case No. C 07-02940 SI

SUMMARY NOTICE

**TO: ALL PERSONS AND ENTITIES WHO PURCHASED OR ACQUIRED
CONNETICS SECURITIES BETWEEN JANUARY 27, 2004, THROUGH JULY 9, 2006,
INCLUSIVE:**

YOU ARE HEREBY NOTIFIED that the above-captioned action has been certified as a class action, and that the plaintiff, on behalf of itself and the Class, has reached a proposed settlement with Connetics Corp. ("Connetics"), and Thomas G. Wiggans, Gregory Vontz, John L. Higgins, and Lincoln Krochmal (collectively, "Defendants"), valued at \$12.75 million plus interest thereon. A hearing will be held before the Honorable Susan Illston at the United States District Court for the Northern District of California, 450 Golden Gate Avenue, Courtroom 10, San Francisco, CA 94102 at 9:00 a.m. on October 9, 2009, to determine (1) whether the proposed Settlement should be approved by the Court as fair, reasonable, and adequate, (2) whether a final judgment and order of dismissal with prejudice should be entered by the Court dismissing the Litigation with prejudice; (3) whether the Plan of Allocation is fair, reasonable and adequate and therefore should be approved in connection with this Settlement, and (4) whether the application of Lead Counsel for attorneys' fees and litigation expenses should be approved.

IF YOU ARE A MEMBER OF THE CLASS, YOUR RIGHTS WILL BE AFFECTED BY THE SETTLEMENT, AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUND. If you have not yet received the (1) Notice of Pendency And Proposed Settlement of Class Action ("Notice"); and (2) Proof of Claim and Release form ("Claim

Form”), you may obtain copies of these documents by contacting: In re Connetics Securities Litigation, Claims Administrator, c/o A.B. Data, Ltd., PO Box 170500, Milwaukee, WI 53217-8042. Copies of the Notice and Claim Form may also be downloaded from: www.blbglaw.com or at www.ConneticsSecuritiesLitigation.com. If you are a Class Member, in order to be eligible to share in the distribution of the Net Settlement Fund, you must submit a Claim Form no later than November 30, 2009, establishing that you are entitled to a recovery. You will be bound by any judgment entered in the Consolidated Action whether or not you make a Claim.

If you desire to be excluded from the Settlement Class, you must submit a request for exclusion to be received by September 30, 2009, in the manner and form explained in the Notice. All Class Members who do not timely request exclusion from the Class will be bound by any judgment entered in the Litigation.

Any objection to the proposed Settlement, Plan of Allocation or application for attorneys’ fees and payment of litigation expenses must be filed with the Court and be received by counsel for the parties no later than September 30, 2009, in the manner and form set forth in the Notice.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK’S OFFICE REGARDING THIS NOTICE. Inquiries, other than requests for the Notice and Claim Form, may be made to Lead Counsel:

David R. Stickney, Esq.
Niki L. Mendoza, Esq.
BERNSTEIN LITOWITZ BERGER &
GROSSMANN LLP
12481 High Bluff Drive, Suite 300
San Diego, CA 92130
888-924-1888

Dated: July 17, 2009

By Order of the Clerk of the Court
United States District Court
for the Northern District of California

Exhibit D

INVESTOR'S BUSINESS DAILY®

Affidavit of Publication

Name of Publication: Investor's Business Daily
Address: 12655 Beatrice Street
City, State, Zip: Los Angeles, CA 90066
Phone #: 310.448.6737
State of: California
County of: Los Angeles

I, Paul Mayberry, for the publisher of Investor's Business Daily, published in the city of Los Angeles, state of California, county of Los Angeles hereby certify that the attached notice(s) Case No. C07-02940 SI_ was printed in said publication on the following date(s):

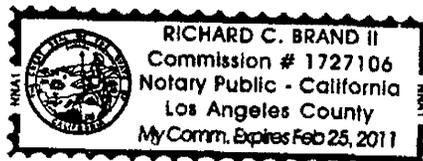
August 7, 2009

State of California
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 7th Day of August,

2009, by Paul Mayberry, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature Richard C. Brand II (Seal)



THE NATIONAL BUSINESS MARKETPLACE

INFORM THE PUBLIC
with **LEGAL NOTICES**

Advertise in
The National Business Marketplace
1-800-423-5515

Where Investor's Business Daily readers
go when they want a specific product
or service.

**THE NATIONAL BUSINESS
MARKETPLACE**
1-800-423-5515

LEGAL NOTICES

The National Business
Marketplace

Advertising info
1-800-423-5515

Notice

"If you require additional information on any of the above companies, please contact your local Chamber of Commerce or Better Business Bureau in your area."

Place ad by phone or fax

PHONE **800-423-5515** • FAX **310-577-7346**

Deadline: 12:00pm (PST) • 2 weeks before publication • All sales are final.

Copy
Display Rates: Minimum three column inches per ad. Line ads: Minimum 4 printed lines. Five insertions minimum. Rate discounts available with increased frequency.

Limits of Liability
All copy must be approved by the newspaper, which reserves the right to cancel any ad at any time.

Subscriber Services 800-831-2525

LEGAL NOTICES

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re CONNETICS SECURITIES LITIGATION.
This Document Relates To: **Case No. C 07-02940 SI**
SUMMARY NOTICE
ALLACTIONS.

TO: ALL PERSONS AND ENTITIES WHO PURCHASED OR ACQUIRED CONNETICS SECURITIES BETWEEN JANUARY 27, 2004, THROUGH JULY 9, 2006, INCLUSIVE:

YOU ARE HEREBY NOTIFIED that the above-captioned action has been certified as a class action, and that the plaintiff, on behalf of itself and the Class, has reached a proposed settlement with Connetics Corp. ("Connetics"), and Thomas C. Wiggins, Gregory Vontz, John L. Higgins, and Lincoln Krochmal (collectively, "Defendants"), valued at \$12.75 million plus interest thereon. A hearing will be held before the Honorable Susan Illston at the United States District Court for the Northern District of California, 450 Golden Gate Avenue, Courtroom 10, San Francisco, CA 94102 at 9:00 a.m. on October 9, 2009, to determine (1) whether the proposed Settlement should be approved by the Court as fair, reasonable, and adequate, (2) whether a final judgment and order of dismissal with prejudice should be entered by the Court dismissing the Litigation with prejudice, (3) whether the Plan of Allocation is fair, reasonable and adequate and therefore should be approved in connection with this Settlement, and (4) whether the application of Lead Counsel for attorneys' fees and litigation expenses should be approved.

IF YOU ARE A MEMBER OF THE CLASS, YOUR RIGHTS WILL BE AFFECTED BY THE SETTLEMENT, AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUND. If you have not yet received the (1) Notice of Pendency and Proposed Settlement of Class Action ("Notice"), and (2) Proof of Claim and Release form ("Claim Form"), you may obtain copies of these documents by contacting: In re Connetics Securities Litigation, Claims Administrator, c/o A.B. Data, Ltd., PO Box 170900, Milwaukee, WI 53217-8042. Copies of the Notice and Claim Form may also be downloaded from: www.bllglaw.com or at www.ConneticsSecuritiesLitigation.com. If you are a Class Member, in order to be eligible to share in the distribution of the Net Settlement Fund, you must submit a Claim Form no later than November 30, 2009, establishing that you are entitled to a recovery. You will be bound by any judgment entered in the Consolidated Action whether or not you make a Claim.

If you desire to be excluded from the Settlement Class, you must submit a request for exclusion to be received by September 30, 2009, in the manner and form explained in the Notice. All Class Members who do not timely request exclusion from the Class will be bound by any judgment entered in the Litigation.

Any objection to the proposed Settlement, Plan of Allocation or application for attorneys' fees and payment of litigation expenses must be filed with the Court and be received by counsel for the parties no later than September 30, 2009, in the manner and form set forth in the Notice.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE. Inquiries, other than requests for the Notice and Claim Form, may be made to Lead Counsel:

David R. Stickney, Esq.
Niki L. Mendoza, Esq.
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
12481 High Bluff Drive, Suite 300
San Diego, CA 92130
888-924-1888

Dated: July 17, 2009
By Order of the Clerk of the Court
United States District Court
for the Northern District of California

AFTER
pay scale, he'll have to consider how that will affect the tax credit he would get for providing health benefits to his whole work force.

It might be a disincentive for the employer to give workers raises.

Still, if the new plan can decrease health care coverage costs for small business, it might be a winner, Hamilton says. But he voices doubt that it will reduce costs.

Michael Cannon, director of health policy studies at the Cato Institute, says the penalties might be smaller than health insurance premiums. But that doesn't mean employers can cut labor costs by dropping coverage and paying the fines.

The level of overall compensation is dictated by supply and demand in the labor market.

Suppose supply and demand results in a market-clearing wage of \$50,000 a year. If a company's workers want employer-sponsored insurance - which costs \$10,000 per worker - then the firm will provide it and reduce cash wages to

firm's workers will flee to firms that offer higher compensation packages," Cannon said.

The Obama administration figures the final reforms will offer enough incentives to convince small businesses to buy insurance in a more competitive market.

All the plans under consideration offer tax credits for small businesses that buy insurance for employees. They also propose an insurance exchange where small businesses would find more price competition among insurance vendors.

Where there isn't enough competition to bring down prices, the publicly run insurance company the administration proposes will provide it, said Christina Romer, head of the Council of Economic Advisers.

Meanwhile, small businesses face competitive pressures of their own - specifically, competing for workers with larger businesses that offer health benefits.

"Small-business owners want to provide health insurance," Romer

sachusetts Foundation.

For managed care companies, the risk of small businesses canceling policies has already been felt, says Jason Gurda, health insurance analyst with Leerink Swann. "They've had that pressure for a couple of years."

Among large managed care firms, WellPoint^{MLP} and Coventry Health Care^{CNN} tend to have more policies covering small businesses.

If more small businesses opt out of insurance, the damage could be offset by uninsured individuals seeking coverage in the private market, Gurda says.

Small businesses will opt out of private insurance and into pay-to-play if doing so is cheaper and employees are not harmed, says Les Funtleyder, health sector analyst with Miller Tabak.

"People dumped on the public option will mean a revenue loss to insurers," he said.

But he added that if the exchange works, those individuals would buy coverage from private firms.

Were Investors Looking For A Little Quick Profit?

REVERSAL FROM A4

Echoing Jacob, Adam Krejci, an analyst at Roth Capital Partners, says some of this 180-degree turnaround is likely due to investors looking for a quick gain.

"It's tough to call daily movements, but I would say (the rise the next day) was just some people stepping in after a down day and hoping that was the lowest (point) for the week," he said.

Sohu got a boost from a July 28 upgrade by Morgan Stanley to overweight, and that day Susquehanna

Financial Group issued a report that maintained its positive rating on Sohu.

This doesn't explain the rise for Changyou, but Krejci points out that since Sohu has kept a 68.5% stake in its spinoff, there are relatively few shares of Changyou. The gaming firm went public at 16 a share in April and peaked near 45 last month.

With so few shares of Changyou available to the public, investors are more willing to buy and sell them almost daily in a bid to come out ahead, Krejci says.

"A lot of people made a ton of money if they were able to hold onto the shares from 15 to 40, and now you have a lot of people just trying to make a buck on the name given the day-to-day swings," Krejci said.

He expects such fluctuations in stock price to decline "as the company matures."

In the end, investor worries can be short-lived, says Todd Greenwald, an analyst at Signal Hill Capital Group. With quick, large stock fluctuations, sometimes there simply is no particular explanation, he says.

Exhibit E

4027893



AUG 26 2009

EWT
LLC

August 21, 2009

In re Connetics Securities Litigation
Exclusions
c/o A.B. Data, Ltd.
P.O. Box 170500
Milwaukee, WI 53217-8042

Re: In re Connetics Securities Litigation Class Exclusion

Dear Claims Administrator:

EWT, LLC, located at 9242 Beverly Blvd., Suite 300, Beverly Hills, CA 90210, requests exclusion from the class in *In re Connetics Securities Litigation*, C 07-02940 SI. Unfortunately, I am unable to include a list of all purchases and sales of Connetics securities during the Class Period.

Please fax or send me a confirmation that you have received this request to be excluded from the class.

Thank You,

Shirley Schecker
Corporate Counsel
EWT, LLC
sschecker@ewtlc.com

EWT
LLC

★ ☆ ★
165
6670 \$ 00.44
6208 BEVERLY HILLS, CA 90210
PB8623602
AUG 21 09

IN RE CONNETICS SECURITIES LITIGATION
EXCLUSIONS
% A.B. DATA, LTD.
P.O. BOX 170500
MILWAUKEE, WI 53217-8042

53217+8042

CONNETICS - 41498

4027892



SEP 14 2009

September 11, 2009

In re Connetics Securities Litigation-Exclusions-c/o A.B.,
Ltd.,
PO Box 170500,
Milwaukee, WI 53217-8042

Sir:

I Request exclusion from the Class in IN re Connetics-
Securities Litigation, C07-02940 SI; (iii).

HAROLD P. HOUSER

REDACTED

IN RE Connetics
symbol CNCT

Bought	Date	Sold	Recive	Cost
200	11-16-05	01-06-06	\$2,945.50	\$2,703.70

THANK YOU!

Harold P. Houser September 11, 2009

United States Postal Service®

DELIVERY CONFIRMATION™



0309 0330 0002 4466 1513

UNITED STATES POSTAL SERVICE



**PRIORITY®
MAIL**

Apply Priority Mail Postage Here



1006



53217

U.S. POSTAGE
PAID
FORT MYERS, IN
SEP 11 2009
AMOUNT
\$5.65
00021573-96

EXHIBIT 2

**UNITED STATES DISTRICT COURT
FOR THE NORTHER DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re Connetics Securities Litigation

)
) Case No. C 07-02940 SI
)
)

DECLARATION OF CHAD COFFMAN

September 9th, 2009

I, Chad Coffman, declare:

I. Background and Qualifications

1. I hold a Bachelors Degree in Economics with Honors from Knox College and a Masters in Public Policy from the University of Chicago. I am also a CFA charter-holder. The CFA, or Chartered Financial Analyst, designation is awarded to those who have sufficient practical experience and complete a rigorous series of three exams over three years that cover a wide variety of financial topics with a particular focus on valuation.

2. I, along with several others, founded Winnemac Consulting in March of 2008. Prior to starting Winnemac Consulting, I was employed by Chicago Partners for over twelve years where I was responsible for conducting and managing analysis in a wide variety of areas including securities valuation and damages, labor discrimination, risk management and antitrust. I have been responsible for conducting loss causation, damages, and valuation analysis in some of the most high profile securities cases on record including Parmalat, Enron, Tyco, and WorldCom among others. I have been engaged numerous times as a valuation expert both within and outside the litigation context. My experience in class action securities cases includes work for plaintiffs, defendants, D&O insurers and I have also been engaged by a prominent mediator (Retired Judge Daniel Weinstein) to provide neutral economic analysis and opinions in numerous securities class actions as well as other matters.

3. My qualifications are further detailed in my curriculum vitae, which is attached as **Appendix 1.**

II. Scope of Engagement

4. At the request of Lead Counsel, I prepared the plan to allocate the settlement proceeds in this matter (the "Plan of Allocation") among individuals and entities that purchased the common stock and bonds of Connetics Corp. ("Connetics" or the "Company") during the Class Period, as defined in the

Second Amended Complaint in this matter. In my expert opinion, the Plan of Allocation is fair and reasonable.

III. Basis for Recognized Loss Calculation

5. The expert analysis I performed to develop the Plan of Allocation entailed studying the market reaction to the public disclosures that revealed or described the alleged misrepresentations or their effects, and calculating the reasonable dollar amount of artificial inflation present in the prices of Connetics securities throughout the Class Period that was attributable to the alleged wrongdoing. The price decline associated with each particular disclosure, adjusted to eliminate the effects, if any, attributable to general market or industry conditions, was also measured, using standard statistical techniques to ensure that the price reaction was outside the range of normal market movements. The methodologies I employed result in a Plan of Allocation that is consistent with damages under Rule 10(b)-5, which are equal to the economic losses caused by the alleged misrepresentations and omissions.¹

6. In creating the Plan of Allocation for Connetics common stock, I created and relied on an event study approach as well as additional analyses to evaluate the value of the allegedly fraudulently withheld information. An event study is a well-accepted statistical method utilized to isolate the impact of information on market prices.²

7. **Table A** of the Plan of Allocation lists total inflation per share on each day during the Class Period.³

8. In addition to Connetics common stock, I have also calculated the artificial inflation for purchasers of the other two publicly traded securities incorporated in the Class. The first were 2.25%

¹ Subject to certain limitations imposed by the PSLRA which are incorporated in the Plan of Allocation.

² David I. Tabak and Frederick C. Dunbar, "Materiality and Magnitude: Event Studies in the Courtroom," Ch. 19, Litigation Services Handbook, The Role of the Financial Expert, Third Edition, 2001.

³ **Tables A and B** from the Plan of Allocation are attached to this declaration.

Senior Convertible Notes maturing on May 30, 2008 (“CNCT 2.25% Bonds”).⁴ These securities were issued as a private placement on May 28, 2003, pursuant to Rule 144A of the Securities Act and began trading publicly after the issuance of the Bond Registration Statement on December 2, 2003.

9. The second were 2.00% Convertible Senior Notes maturing on March 30, 2015 (“CNCT 2.00% Bonds” or collectively “Bonds”).⁵ These securities were also issued as a private placement on March 23, 2005 and began trading publicly only on August 30, 2005.⁶

IV. Plan of Allocation- Recognized Loss

10. A “Recognized Loss” or “Gain” will be calculated for each purchase or acquisition of Connetics Securities that occurred during the Class Period, listed in the claim form, and for which adequate documentation is provided.

11. Under Section 10b-5, I understand the investor is to be compensated for the economic loss proximately caused by the misstatements and omissions (subject to limitations set by the PSLRA). In my view, economic loss proximately caused by the misstatements and omissions is best measured as the difference between (1) the artificial inflation paid at the time of purchase and (2) the artificial inflation at time of sale (or zero if the share is held). With that logic in mind, as explained in the Notice, the Recognized Loss (and Recognized Gain) shall be calculated as follows:

- a. For each Connetics share or bond held as of the close of trading on January 26, 2004, the day before the beginning of the Class Period, the Recognized Loss is zero.
- b. For each Connetics share or 2.25% Convertible Senior Note Due 5/30/2008 purchased or acquired (including share exchange acquisitions) from January 27, 2004, through July 9, 2006:
 - i. and that were still held at the close of trading on July 9, 2006: the Recognized Loss per share or bond (which is limited to be non-negative) is the lesser of: (a) the alleged artificial inflation amount indicated in Table A, for the date such share or bond was purchased or acquired; or

⁴ Private Placement – Cusip: 20819AA2, Publicly Traded – Cusip: 208192AB0.

⁵ Private Placement – Cusip: 20819AC8, Publicly Traded – Cusip: 208192AD6.

⁶ Data for the bonds were collected from Bloomberg.

- (b) the purchase price or acquisition price per share or bond (including commissions and other charges) less the post-Class Period rolling average closing price as indicated in Table B for the date such share or bond was sold, or October 6, 2006, if still held on October 6, 2006.
 - ii. and that were sold during the Class Period: the Recognized Loss per share (which is limited to be non-negative) is the lesser of: (a) the amount by which the alleged artificial inflation per share or bond on the date of purchase or acquisition exceeds the alleged artificial inflation per share on the date of sale, as set forth in Table A; or (b) the purchase price less the sales price.
- c. Any Recognized Loss on bonds shall be multiplied by 0.2.
- d. Connetics shares or bonds held as of the close of trading on January 26, 2004, the day before the beginning of the Class Period:
 - i. and that were still held at the close of trading on July 9, 2006: the Recognized Gain per share is zero.
 - ii. and that were sold during the Class Period: the Recognized Gain per share is the alleged artificial inflation per share on the date of sale, as set forth in Table A.
- e. Connetics share or bond purchased or acquired (including share exchange acquisitions) from January 27, 2004 through July 9, 2006:
 - i. and that were still held at the close of trading on July 9, 2006: the Recognized Gain per share is zero.
 - ii. and that were sold during the Class Period: the Recognized Gain per share (which is limited to be non-negative) is the amount by which the alleged artificial inflation per share on the date of sale exceeds the alleged artificial inflation per share on the date of purchase or acquisition, as set forth in Table A.
- f. Any Recognized Gain on Connetics bonds shall be multiplied by 0.2.

12. I have determined that the price of 2.00% Convertible Notes Due 2015 did not decline on any corrective disclosure after it became publicly traded. As a result, individuals who purchased these bonds will have a Recognized Loss of zero as to those purchases.

13. As reflected in Table A, I determined that the price of the 2.25% Convertible Notes Due 2008 declined on corrective disclosures on April 27, June 13, and June 14 of 2005, but did not decline on corrective disclosures on May 3, May 31, or July 10 of 2006. Therefore, individuals who purchased these bonds after June 14, 2005, will have a Recognized Loss of zero as to those purchases.

14. For Class Members who made multiple purchases, acquisitions or sales of Connetics securities during the Class Period, the earliest subsequent sale of the same type of security shall be

matched first against those securities in the claimant's opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase or acquisition of that same type of security made during the Class Period. This is consistent with first-in, first-out ("FIFO") accounting. For determining the date of purchase and subsequent sale, "trade dates" should be used instead of "settlement dates".

15. Recognized Loss or Gain with respect to a purchase or acquisition of Connetics security (e.g., common stock or bonds), is calculated by multiplying the number of shares or bonds of each such security by the appropriate Recognized Loss or Gain for a single share or \$100 par value of bonds of that security, as described in Section IV.

16. The Net Recognized Loss for each Class Member is calculated by (1) adding the Recognized Losses for each Connetics security purchased or acquired by the Class Member during the Class Period (i.e., adding all Recognized Losses for common stock and/or bonds); and (2) subtracting any Recognized Gains for each Connetics security held or sold by the Class Member during the Class Period (i.e., subtracting all Recognized Gains for common stock and/or bonds).

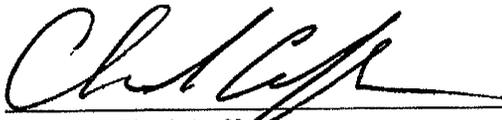
17. All market profits shall be subtracted from all market losses on all transactions in Connetics publicly-traded securities during the Class Period to determine the net market loss of each Class Member.

18. For purposes of determining whether a Claimant had a market profit or suffered a market loss from his, her or its overall transactions in any Connetics security during the Class Period, the Claims Administrator shall: (i) total the amount paid (including commissions and other charges) for all Connetics securities purchased during the Class Period by the Claimant (the "Total Purchase Amount"); (ii) match any sales of each respective Connetics security during the Class Period first against the Claimant's opening position in each respective Connetics security (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received (net of commissions, etc.) for sales of the remaining Connetics security sold during the Class Period (the "Sales

Proceeds”); and (iv) assign the holding price indicated in Table B for each security (the closing price of each Connetics security on July 10, 2006) for the number of Connetics securities purchased during the Class Period and still held at the end of the Class Period (“Holding Value”). The Total Purchase Amount (i) less the Sales Proceeds (ii) and less the Holding Value (iii) will be deemed a Claimant’s market profit or market loss (a profit occurs if a negative number is calculated) on his, her or its overall transactions in each Connetics security during the Class Period.

V. THE PLAN IS FAIR AND REASONABLE

19. Based upon my training, experience, and analysis summarized above, I have reached the opinion that the Plan of Allocation described in the Notice is fair and reasonable.



Chad Coffman

September 9th, 2009

APPENDIX 1

CHAD W. COFFMAN, CFA

Winnemac Consulting, L.L.C.
One South Wacker Drive, Suite 3800
Chicago, IL 60606
Office: (312) 752-3329
Mobile: (815) 382-0092
Email: coffman@winnemac.com

EMPLOYMENT:

Winnemac Consulting, LLC
President (2008 - Current)

Winnemac Consulting is a Chicago-based firm that specializes in the application of economics, finance, statistics, and valuation principles to questions that arise in a variety of contexts, including litigation. Principals of Winnemac Consulting have extensive experience in high-profile securities, antitrust, labor, and intellectual property matters.

Chicago Partners, LLC
Principal (2007 – 2008)
Vice President (2003 – 2007)
Director (2000 – 2003)
Senior Associate (1999 – 2000)
Associate (1997 – 1999)
Research Analyst (1995 – 1997)

EDUCATION:

CFA Chartered Financial Analyst, 2003

M.P.P. University of Chicago, 1997
Masters of Public Policy, with a focus in economics including coursework in Finance, Labor Economics, Econometrics, and Regulation

B.A. Knox College, 1995
Economics, Magna Cum Laude
Graduated with College Honors for Paper entitled “Increasing Efficiency in Water Supply Pricing: Using Galesburg, Illinois as a Case Study”
Dean's List Every Term
Phi Beta Kappa

SELECTED EXPERIENCE:

Experience in Securities and Valuation Cases:

- Expert consultant for Citigroup/Salomon Smith Barney in various matters related to Jack Grubman's analyst coverage of various companies. This included supporting multiple experts at high-profile arbitration where plaintiffs claimed \$900 million in damages. Arbitration panel returned a verdict in favor of client (reported in Wall Street Journal).
- Expert damages consultant in dozens of 10b-5 and Section 11 securities litigation, including, but not limited to:
 - WorldCom
 - Enron
 - Tyco
 - Parmalat
 - Sears
 - Atlas Air
 - UnumProvident
 - XL Capital
 - Household Finance/HSBC
 - Dynegy
 - Anicom
- Expert consultant in multiple cases involving market timing and/or late-trading. Developed models to estimate market timing profits.
- Served as neutral expert for mediator (Judge Daniel Weinstein) in multiple 10(b)-5 securities cases as well as futures manipulation case.
- Expert consultant for the American Stock Exchange (AMEX) where I evaluated issues related to multiple listing of options. Performed econometric analysis of various measures of option spread using tens of millions of trades.
- Expert consultant to large hedge fund that owned bonds in WorldCom. Responsible for directing analysis that led to favorable settlement of their claim in the bankruptcy.
- Performed detailed audit of CDO valuation models employed by a banking institution to satisfy regulators – non-litigation matter.
- Played significant role in highly-publicized internal accounting investigations of two Fortune 500 companies. One led to restatement of previously issued financial statements and both involved SEC investigations.
- Testifying expert in the matter of Kuo, Steven Wu v. Xceedium Inc, Supreme Court of New York, County of New York, Index No. 06-100836. Filed report re: the fair value of Mr. Kuo's shares. Case settled at trial.

- Testifying expert in the matter of Pallas, Dennis H. v. BPRS/Chestnut Venture Limited Partnership and Gerald Nudo, Circuit Court of Cook County, Illinois, County Department, Chancery Division. Filed report re: fair value of Pallas shares. Report: July 9, 2008. Deposition August 6, 2008. Court Testimony February 11th, 2009.
- Loss Causation expert in Re: Washington Mutual Securities Litigation, United States District Court, Western District of Washington, at Seattle, No. 2:08-md-1919 MJP, Lead Case No. C08-387 MJP. Filed declaration August 5, 2008 re: plaintiffs' loss causation theory.
- Testifying expert in Re: DVI Securities Litigation, United States District Court, Eastern District of Pennsylvania, 2:03-CV-05336-LDD. Filed expert report October 1, 2008 re: damages. Filed rebuttal expert report December 17, 2008. Deposition January 27, 2009.
- Testifying expert in Syratech Corporation v. Lifetime Brands, Inc. and Syratech Acquisition Corporation, Supreme Court of the State of New York, Index No. 603568/2007. Filed expert report October 31st, 2008.
- Expert declaration in Jacksonville Police and Fire Pension Fund, et al. v. AIG, Inc., et al., No. 08-CV-4772-LTS; James Connolly, et al. v. AIG, Inc., et al., No. 08-CV-5072-LTS; Maine Public Employees Retirement System, et al. v. AIG, Inc., et al., No. 08-CV-5464-LTS; and Ontario Teachers' Pension Plan Board, et al. v. AIG, Inc., et al., No. 08-CV-5560-LTS, United States District Court, Southern District of New York. Filed declaration February 18th, 2009.
- Expert declaration in Re: Connetics Securities Litigation, Case No. C 07-02940 SI, United States District Court for the Northern District of California, San Francisco Division. Filed declaration March 16th, 2009.
- Testifying expert in Re: Boston Scientific Securities Litigation, Master File No. 1:05-cv-11934 (DPW), United States District Court District of Massachusetts. Filed expert report August 6, 2009.

Experience in Labor Economics and Discrimination-Related Cases:

- Expert consultant for Cargill in class action race discrimination matter in which class certification was defeated.
- Expert consultant for 3M in class action age discrimination matter.
- Expert consultant for Wal-Mart in class action race discrimination matter.
- Expert consultant for Novartis regarding various labor related issues.
- Expert consultant on various other significant confidential labor economics matters in which there were class action allegations related to race and gender.

- Expert consultant for large insurance company related to litigation and potential regulation resulting from the use of credit scores in the insurance underwriting process.
- Testifying expert in Shirley Cohens v. William Henderson, Postmaster General, United States Postal Service. United States District Court for the District of Columbia. C.A 1:00CV-1834 (TFH) – Filed report re: lost wages and benefits.
- Testifying expert in Richard Akins v. NCR Corporation. Before the American Arbitration Association – Filed report re: lost wages.

Selected Experience in Antitrust, General Damages, and Other Matters:

- Expert consultant in high-profile antitrust matters in the computer and credit card industries.
- Expert consultant for plaintiffs in re: Brand Name Drugs Litigation. Responsible for managing, maintaining and analyzing data totaling over one billion records in one of the largest antitrust cases ever filed in the Federal Courts.
- Served as neutral expert for mediator (Judge Daniel Weinstein) in allocating a settlement in an antitrust matter.
- Expert consultant in Seminole County and Martin County absentee ballot litigation during disputed presidential election of 2000.
- Expert consultant for sub-prime lending institution to determine effect of alternative loan amortization and late fee policies on over 20,000 customers of a sub-prime lending institution. Case settled favorably at trial immediately after the testifying expert presented an analysis I developed showing fundamental flaws in opposing experts calculations.

TEACHING EXPERIENCE:

KNOX COLLEGE, Teaching Assistant - Statistics, (1995)
KNOX COLLEGE, Tutor in Mathematics, (1992 - 1993)

PUBLICATIONS:

Coffman, Chad and Mary Gregson, "Railroad Construction and Land Value." *Journal of Real Estate and Finance*, 16:2, 191-204 (1998).

Coffman, Chad, Tara O'Neil, and Brian Starr "An Empirical Analysis of the Impact of Legacy Preferences on Alumni Giving at Top Universities." (Forthcoming).

PROFESSIONAL AFFILIATIONS:

Declaration of Chad Coffman - 9/9/2009

Associate Member CFA Society of Chicago
Associate Member CFA Institute
Phi Beta Kappa

AWARDS:

1994 Ford Fellowship Recipient for Summer Research.
1993 Arnold Prize for Best Research Proposal.
1995 Knox College Economics Department Award.

PERSONAL ACTIVITIES:

Pro bono consulting for Cook County State's Attorney's Office

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
1/27/2004	\$0.04	\$0.00	N/A
1/28/2004	\$0.04	\$0.00	N/A
1/29/2004	\$0.04	\$0.00	N/A
1/30/2004	\$0.04	\$0.00	N/A
2/2/2004	\$0.04	\$0.00	N/A
2/3/2004	\$0.04	\$0.00	N/A
2/4/2004	\$0.04	\$0.00	N/A
2/5/2004	\$0.04	\$0.00	N/A
2/6/2004	\$0.04	\$0.00	N/A
2/9/2004	\$0.04	\$0.00	N/A
2/10/2004	\$0.04	\$0.00	N/A
2/11/2004	\$0.04	\$0.00	N/A
2/12/2004	\$0.04	\$0.00	N/A
2/13/2004	\$0.04	\$0.00	N/A
2/17/2004	\$0.04	\$0.00	N/A
2/18/2004	\$0.04	\$0.00	N/A
2/19/2004	\$0.04	\$0.00	N/A
2/20/2004	\$0.04	\$0.00	N/A
2/23/2004	\$0.04	\$0.00	N/A
2/24/2004	\$0.04	\$0.00	N/A
2/25/2004	\$0.04	\$0.00	N/A
2/26/2004	\$0.04	\$0.00	N/A
2/27/2004	\$0.04	\$0.00	N/A
3/1/2004	\$0.04	\$0.00	N/A
3/2/2004	\$0.04	\$0.00	N/A
3/3/2004	\$0.04	\$0.00	N/A
3/4/2004	\$0.04	\$0.00	N/A
3/5/2004	\$0.04	\$0.00	N/A
3/8/2004	\$0.04	\$0.00	N/A
3/9/2004	\$0.04	\$0.00	N/A
3/10/2004	\$0.04	\$0.00	N/A
3/11/2004	\$0.04	\$0.00	N/A
3/12/2004	\$0.04	\$0.00	N/A
3/15/2004	\$0.04	\$0.00	N/A
3/16/2004	\$0.04	\$0.00	N/A
3/17/2004	\$0.04	\$0.00	N/A

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
3/18/2004	\$0.04	\$0.00	N/A
3/19/2004	\$0.04	\$0.00	N/A
3/22/2004	\$0.04	\$0.00	N/A
3/23/2004	\$0.04	\$0.00	N/A
3/24/2004	\$0.04	\$0.00	N/A
3/25/2004	\$0.04	\$0.00	N/A
3/26/2004	\$0.04	\$0.00	N/A
3/29/2004	\$0.04	\$0.00	N/A
3/30/2004	\$0.04	\$0.00	N/A
3/31/2004	\$0.04	\$0.00	N/A
4/1/2004	\$0.04	\$0.00	N/A
4/2/2004	\$0.04	\$0.00	N/A
4/5/2004	\$0.04	\$0.00	N/A
4/6/2004	\$0.04	\$0.00	N/A
4/7/2004	\$0.04	\$0.00	N/A
4/8/2004	\$0.04	\$0.00	N/A
4/12/2004	\$0.04	\$0.00	N/A
4/13/2004	\$0.04	\$0.00	N/A
4/14/2004	\$0.04	\$0.00	N/A
4/15/2004	\$0.04	\$0.00	N/A
4/16/2004	\$0.04	\$0.00	N/A
4/19/2004	\$0.04	\$0.00	N/A
4/20/2004	\$0.04	\$0.00	N/A
4/21/2004	\$0.04	\$0.00	N/A
4/22/2004	\$0.04	\$0.00	N/A
4/23/2004	\$0.04	\$0.00	N/A
4/26/2004	\$0.04	\$0.00	N/A
4/27/2004	\$0.04	\$0.00	N/A
4/28/2004	\$0.04	\$0.00	N/A
4/29/2004	\$0.04	\$0.00	N/A
4/30/2004	\$0.04	\$0.00	N/A
5/3/2004	\$0.04	\$0.00	N/A
5/4/2004	\$0.04	\$0.00	N/A
5/5/2004	\$0.34	\$0.00	N/A
5/6/2004	\$0.34	\$0.00	N/A
5/7/2004	\$0.34	\$0.00	N/A

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
5/10/2004	\$0.34	\$0.00	N/A
5/11/2004	\$0.34	\$0.00	N/A
5/12/2004	\$0.34	\$0.00	N/A
5/13/2004	\$0.34	\$0.00	N/A
5/14/2004	\$0.34	\$0.00	N/A
5/17/2004	\$0.34	\$0.00	N/A
5/18/2004	\$0.34	\$0.00	N/A
5/19/2004	\$0.34	\$0.00	N/A
5/20/2004	\$0.34	\$0.00	N/A
5/21/2004	\$0.34	\$0.00	N/A
5/24/2004	\$0.34	\$0.00	N/A
5/25/2004	\$0.34	\$0.00	N/A
5/26/2004	\$0.34	\$0.00	N/A
5/27/2004	\$0.34	\$0.00	N/A
5/28/2004	\$0.34	\$0.00	N/A
6/1/2004	\$0.34	\$0.00	N/A
6/2/2004	\$0.34	\$0.00	N/A
6/3/2004	\$0.34	\$0.00	N/A
6/4/2004	\$0.34	\$0.00	N/A
6/7/2004	\$0.34	\$0.00	N/A
6/8/2004	\$0.34	\$0.00	N/A
6/9/2004	\$0.34	\$0.00	N/A
6/10/2004	\$0.34	\$0.00	N/A
6/14/2004	\$0.34	\$0.00	N/A
6/15/2004	\$0.34	\$0.00	N/A
6/16/2004	\$0.34	\$0.00	N/A
6/17/2004	\$0.34	\$0.00	N/A
6/18/2004	\$0.34	\$0.00	N/A
6/21/2004	\$0.34	\$0.00	N/A
6/22/2004	\$0.34	\$0.00	N/A
6/23/2004	\$0.34	\$0.00	N/A
6/24/2004	\$0.34	\$0.00	N/A
6/25/2004	\$0.34	\$0.00	N/A
6/28/2004	\$0.34	\$0.00	N/A
6/29/2004	\$0.34	\$0.00	N/A
6/30/2004	\$0.34	\$0.00	N/A

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
7/1/2004	\$0.34	\$0.00	N/A
7/2/2004	\$0.34	\$0.00	N/A
7/6/2004	\$0.34	\$0.00	N/A
7/7/2004	\$0.34	\$0.00	N/A
7/8/2004	\$0.34	\$0.00	N/A
7/9/2004	\$0.34	\$0.00	N/A
7/12/2004	\$0.34	\$0.00	N/A
7/13/2004	\$0.34	\$0.00	N/A
7/14/2004	\$0.34	\$0.00	N/A
7/15/2004	\$0.34	\$0.00	N/A
7/16/2004	\$0.34	\$0.00	N/A
7/19/2004	\$0.34	\$0.00	N/A
7/20/2004	\$0.34	\$0.00	N/A
7/21/2004	\$0.34	\$0.00	N/A
7/22/2004	\$0.34	\$0.00	N/A
7/23/2004	\$0.34	\$0.00	N/A
7/26/2004	\$0.34	\$0.00	N/A
7/27/2004	\$0.34	\$0.00	N/A
7/28/2004	\$0.34	\$0.00	N/A
7/29/2004	\$0.06	\$0.00	N/A
7/30/2004	\$0.06	\$0.00	N/A
8/2/2004	\$0.06	\$0.00	N/A
8/3/2004	\$0.06	\$0.00	N/A
8/4/2004	\$0.06	\$0.00	N/A
8/5/2004	\$0.06	\$0.00	N/A
8/6/2004	\$0.06	\$0.00	N/A
8/9/2004	\$0.06	\$0.00	N/A
8/10/2004	\$0.06	\$0.00	N/A
8/11/2004	\$0.06	\$0.00	N/A
8/12/2004	\$0.06	\$0.00	N/A
8/13/2004	\$0.06	\$0.00	N/A
8/16/2004	\$0.06	\$0.00	N/A
8/17/2004	\$0.06	\$0.00	N/A
8/18/2004	\$0.06	\$0.00	N/A
8/19/2004	\$0.06	\$0.00	N/A
8/20/2004	\$0.06	\$0.00	N/A

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
8/23/2004	\$0.06	\$0.00	N/A
8/24/2004	\$0.06	\$0.00	N/A
8/25/2004	\$0.06	\$0.00	N/A
8/26/2004	\$0.06	\$0.00	N/A
8/27/2004	\$0.06	\$0.00	N/A
8/30/2004	\$0.06	\$0.00	N/A
8/31/2004	\$0.06	\$0.00	N/A
9/1/2004	\$0.06	\$0.00	N/A
9/2/2004	\$0.06	\$0.00	N/A
9/3/2004	\$0.06	\$0.00	N/A
9/7/2004	\$0.06	\$0.00	N/A
9/8/2004	\$0.06	\$0.00	N/A
9/9/2004	\$0.06	\$0.00	N/A
9/10/2004	\$0.06	\$0.00	N/A
9/13/2004	\$0.06	\$0.00	N/A
9/14/2004	\$0.06	\$0.00	N/A
9/15/2004	\$0.06	\$0.00	N/A
9/16/2004	\$0.06	\$0.00	N/A
9/17/2004	\$0.06	\$0.00	N/A
9/20/2004	\$0.06	\$0.00	N/A
9/21/2004	\$0.06	\$0.00	N/A
9/22/2004	\$0.06	\$0.00	N/A
9/23/2004	\$0.06	\$0.00	N/A
9/24/2004	\$0.06	\$0.00	N/A
9/27/2004	\$0.06	\$0.00	N/A
9/28/2004	\$0.06	\$0.00	N/A
9/29/2004	\$0.06	\$0.00	N/A
9/30/2004	\$0.06	\$0.00	N/A
10/1/2004	\$0.06	\$0.00	N/A
10/4/2004	\$0.06	\$0.00	N/A
10/5/2004	\$0.06	\$0.00	N/A
10/6/2004	\$0.06	\$0.00	N/A
10/7/2004	\$0.06	\$0.00	N/A
10/8/2004	\$0.06	\$0.00	N/A
10/11/2004	\$0.06	\$0.00	N/A
10/12/2004	\$0.06	\$0.00	N/A

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
10/13/2004	\$0.06	\$0.00	N/A
10/14/2004	\$0.06	\$0.00	N/A
10/15/2004	\$0.06	\$0.00	N/A
10/18/2004	\$0.06	\$0.00	N/A
10/19/2004	\$0.06	\$0.00	N/A
10/20/2004	\$0.06	\$0.00	N/A
10/21/2004	\$0.06	\$0.00	N/A
10/22/2004	\$0.06	\$0.00	N/A
10/25/2004	\$0.06	\$0.00	N/A
10/26/2004	\$0.21	\$0.00	N/A
10/27/2004	\$0.21	\$0.00	N/A
10/28/2004	\$0.21	\$0.00	N/A
10/29/2004	\$0.21	\$0.00	N/A
11/1/2004	\$0.21	\$0.00	N/A
11/2/2004	\$0.21	\$0.00	N/A
11/3/2004	\$0.21	\$0.00	N/A
11/4/2004	\$0.21	\$0.00	N/A
11/5/2004	\$0.21	\$0.00	N/A
11/8/2004	\$0.21	\$0.00	N/A
11/9/2004	\$0.21	\$0.00	N/A
11/10/2004	\$0.21	\$0.00	N/A
11/11/2004	\$0.21	\$0.00	N/A
11/12/2004	\$0.21	\$0.00	N/A
11/15/2004	\$0.21	\$0.00	N/A
11/16/2004	\$0.21	\$0.00	N/A
11/17/2004	\$0.21	\$0.00	N/A
11/18/2004	\$0.21	\$0.00	N/A
11/19/2004	\$0.21	\$0.00	N/A
11/22/2004	\$0.21	\$0.00	N/A
11/23/2004	\$0.21	\$0.00	N/A
11/24/2004	\$0.21	\$0.00	N/A
11/26/2004	\$0.21	\$0.00	N/A
11/29/2004	\$0.21	\$0.00	N/A
11/30/2004	\$0.21	\$0.00	N/A
12/1/2004	\$0.21	\$0.00	N/A
12/2/2004	\$0.21	\$0.00	N/A

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
12/3/2004	\$0.21	\$0.00	N/A
12/6/2004	\$0.21	\$0.00	N/A
12/7/2004	\$0.21	\$0.00	N/A
12/8/2004	\$0.21	\$0.00	N/A
12/9/2004	\$0.21	\$0.00	N/A
12/10/2004	\$0.21	\$0.00	N/A
12/13/2004	\$0.21	\$0.00	N/A
12/14/2004	\$0.21	\$0.00	N/A
12/15/2004	\$0.21	\$0.00	N/A
12/16/2004	\$0.21	\$0.00	N/A
12/17/2004	\$0.21	\$0.00	N/A
12/20/2004	\$0.21	\$0.00	N/A
12/21/2004	\$0.21	\$0.00	N/A
12/22/2004	\$0.21	\$0.00	N/A
12/23/2004	\$0.21	\$0.00	N/A
12/27/2004	\$0.21	\$0.00	N/A
12/28/2004	\$0.21	\$0.00	N/A
12/29/2004	\$0.21	\$0.00	N/A
12/30/2004	\$0.21	\$0.00	N/A
12/31/2004	\$0.21	\$0.00	N/A
1/3/2005	\$0.21	\$0.00	N/A
1/4/2005	\$0.21	\$0.00	N/A
1/5/2005	\$0.21	\$0.00	N/A
1/6/2005	\$0.21	\$0.00	N/A
1/7/2005	\$0.21	\$0.00	N/A
1/10/2005	\$0.21	\$0.00	N/A
1/11/2005	\$0.21	\$0.00	N/A
1/12/2005	\$0.21	\$0.00	N/A
1/13/2005	\$0.21	\$0.00	N/A
1/14/2005	\$0.21	\$0.00	N/A
1/18/2005	\$0.21	\$0.00	N/A
1/19/2005	\$0.21	\$0.00	N/A
1/20/2005	\$0.21	\$0.00	N/A
1/21/2005	\$0.21	\$0.00	N/A
1/24/2005	\$0.21	\$0.00	N/A
1/25/2005	\$10.06	\$40.47	N/A

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
1/26/2005	\$10.65	\$40.47	N/A
1/27/2005	\$10.65	\$40.47	N/A
1/28/2005	\$10.65	\$40.47	N/A
1/31/2005	\$10.65	\$40.47	N/A
2/1/2005	\$10.65	\$40.47	N/A
2/2/2005	\$10.65	\$40.47	N/A
2/3/2005	\$10.65	\$40.47	N/A
2/4/2005	\$10.65	\$40.47	N/A
2/7/2005	\$10.65	\$40.47	N/A
2/8/2005	\$10.65	\$40.47	N/A
2/9/2005	\$10.65	\$40.47	N/A
2/10/2005	\$10.65	\$40.47	N/A
2/11/2005	\$10.65	\$40.47	N/A
2/14/2005	\$10.65	\$40.47	N/A
2/15/2005	\$10.65	\$40.47	N/A
2/16/2005	\$10.65	\$40.47	N/A
2/17/2005	\$10.65	\$40.47	N/A
2/18/2005	\$10.65	\$40.47	N/A
2/22/2005	\$10.65	\$40.47	N/A
2/23/2005	\$10.65	\$40.47	N/A
2/24/2005	\$10.65	\$40.47	N/A
2/25/2005	\$10.65	\$40.47	N/A
2/28/2005	\$10.65	\$40.47	N/A
3/1/2005	\$10.65	\$40.47	N/A
3/2/2005	\$10.65	\$40.47	N/A
3/3/2005	\$10.65	\$40.47	N/A
3/4/2005	\$10.65	\$40.47	N/A
3/7/2005	\$10.65	\$40.47	N/A
3/8/2005	\$10.65	\$40.47	N/A
3/9/2005	\$10.65	\$40.47	N/A
3/10/2005	\$10.65	\$40.47	N/A
3/11/2005	\$10.65	\$40.47	N/A
3/14/2005	\$10.65	\$40.47	N/A
3/15/2005	\$10.65	\$40.47	N/A
3/16/2005	\$10.65	\$40.47	N/A
3/17/2005	\$10.65	\$40.47	N/A

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
3/18/2005	\$10.65	\$40.47	N/A
3/21/2005	\$10.65	\$40.47	N/A
3/22/2005	\$10.65	\$40.47	N/A
3/23/2005	\$10.65	\$40.47	N/A
3/24/2005	\$10.65	\$40.47	N/A
3/28/2005	\$10.65	\$40.47	N/A
3/29/2005	\$10.65	\$40.47	N/A
3/30/2005	\$10.65	\$40.47	N/A
3/31/2005	\$10.65	\$40.47	N/A
4/1/2005	\$10.65	\$40.47	N/A
4/4/2005	\$10.65	\$40.47	N/A
4/5/2005	\$10.65	\$40.47	N/A
4/6/2005	\$10.65	\$40.47	N/A
4/7/2005	\$10.65	\$40.47	N/A
4/8/2005	\$10.65	\$40.47	N/A
4/11/2005	\$10.65	\$40.47	N/A
4/12/2005	\$10.65	\$40.47	N/A
4/13/2005	\$10.65	\$40.47	N/A
4/14/2005	\$10.65	\$40.47	N/A
4/15/2005	\$10.65	\$40.47	N/A
4/18/2005	\$10.65	\$40.47	N/A
4/19/2005	\$10.65	\$40.47	N/A
4/20/2005	\$10.65	\$40.47	N/A
4/21/2005	\$10.65	\$40.47	N/A
4/22/2005	\$10.65	\$40.47	N/A
4/25/2005	\$10.65	\$40.47	N/A
4/26/2005	\$10.65	\$40.47	N/A
4/27/2005	\$6.73	\$16.69	N/A
4/28/2005	\$6.73	\$16.69	N/A
4/29/2005	\$6.73	\$16.69	N/A
5/2/2005	\$6.73	\$16.69	N/A
5/3/2005	\$6.73	\$16.69	N/A
5/4/2005	\$6.73	\$16.69	N/A
5/5/2005	\$6.73	\$16.69	N/A
5/6/2005	\$6.73	\$16.69	N/A
5/9/2005	\$6.73	\$16.69	N/A

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
5/10/2005	\$6.73	\$16.69	N/A
5/11/2005	\$6.73	\$16.69	N/A
5/12/2005	\$6.73	\$16.69	N/A
5/13/2005	\$6.73	\$16.69	N/A
5/16/2005	\$6.73	\$16.69	N/A
5/17/2005	\$6.73	\$16.69	N/A
5/18/2005	\$6.73	\$16.69	N/A
5/19/2005	\$6.73	\$16.69	N/A
5/20/2005	\$6.73	\$16.69	N/A
5/23/2005	\$6.73	\$16.69	N/A
5/24/2005	\$6.73	\$16.69	N/A
5/25/2005	\$6.73	\$16.69	N/A
5/26/2005	\$6.73	\$16.69	N/A
5/27/2005	\$6.73	\$16.69	N/A
5/31/2005	\$6.73	\$16.69	N/A
6/1/2005	\$6.73	\$16.69	N/A
6/2/2005	\$6.73	\$16.69	N/A
6/3/2005	\$6.73	\$16.69	N/A
6/6/2005	\$6.73	\$16.69	N/A
6/7/2005	\$6.73	\$16.69	N/A
6/8/2005	\$6.73	\$16.69	N/A
6/9/2005	\$6.73	\$16.69	N/A
6/10/2005	\$6.73	\$16.69	N/A
6/13/2005	\$1.04	\$0.00	N/A
6/14/2005	\$2.19	\$0.00	N/A
6/15/2005	\$2.19	\$0.00	N/A
6/16/2005	\$2.19	\$0.00	N/A
6/17/2005	\$2.19	\$0.00	N/A
6/20/2005	\$2.19	\$0.00	N/A
6/21/2005	\$2.19	\$0.00	N/A
6/22/2005	\$2.19	\$0.00	N/A
6/23/2005	\$2.19	\$0.00	N/A
6/24/2005	\$2.19	\$0.00	N/A
6/27/2005	\$2.19	\$0.00	N/A
6/28/2005	\$2.19	\$0.00	N/A
6/29/2005	\$2.19	\$0.00	N/A

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
6/30/2005	\$2.19	\$0.00	N/A
7/1/2005	\$2.19	\$0.00	N/A
7/5/2005	\$2.19	\$0.00	N/A
7/6/2005	\$2.19	\$0.00	N/A
7/7/2005	\$2.19	\$0.00	N/A
7/8/2005	\$2.19	\$0.00	N/A
7/11/2005	\$2.19	\$0.00	N/A
7/12/2005	\$2.19	\$0.00	N/A
7/13/2005	\$2.19	\$0.00	N/A
7/14/2005	\$2.19	\$0.00	N/A
7/15/2005	\$2.19	\$0.00	N/A
7/18/2005	\$2.19	\$0.00	N/A
7/19/2005	\$2.19	\$0.00	N/A
7/20/2005	\$2.19	\$0.00	N/A
7/21/2005	\$2.19	\$0.00	N/A
7/22/2005	\$2.19	\$0.00	N/A
7/25/2005	\$2.19	\$0.00	N/A
7/26/2005	\$2.19	\$0.00	N/A
7/27/2005	\$2.19	\$0.00	N/A
7/28/2005	\$2.19	\$0.00	N/A
7/29/2005	\$2.19	\$0.00	N/A
8/1/2005	\$2.19	\$0.00	N/A
8/2/2005	\$2.19	\$0.00	N/A
8/3/2005	\$2.12	\$0.00	N/A
8/4/2005	\$2.12	\$0.00	N/A
8/5/2005	\$2.12	\$0.00	N/A
8/8/2005	\$2.12	\$0.00	N/A
8/9/2005	\$2.12	\$0.00	N/A
8/10/2005	\$2.12	\$0.00	N/A
8/11/2005	\$2.12	\$0.00	N/A
8/12/2005	\$2.12	\$0.00	N/A
8/15/2005	\$2.12	\$0.00	N/A
8/16/2005	\$2.12	\$0.00	N/A
8/17/2005	\$2.12	\$0.00	N/A
8/18/2005	\$2.12	\$0.00	N/A
8/19/2005	\$2.12	\$0.00	N/A

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
8/22/2005	\$2.12	\$0.00	N/A
8/23/2005	\$2.12	\$0.00	N/A
8/24/2005	\$2.12	\$0.00	N/A
8/25/2005	\$2.12	\$0.00	N/A
8/26/2005	\$2.12	\$0.00	N/A
8/29/2005	\$2.12	\$0.00	N/A
8/30/2005	\$2.12	\$0.00	N/A
8/31/2005	\$2.12	\$0.00	\$0.00
9/1/2005	\$2.12	\$0.00	\$0.00
9/2/2005	\$2.12	\$0.00	\$0.00
9/6/2005	\$2.12	\$0.00	\$0.00
9/7/2005	\$2.12	\$0.00	\$0.00
9/8/2005	\$2.12	\$0.00	\$0.00
9/9/2005	\$2.12	\$0.00	\$0.00
9/12/2005	\$2.12	\$0.00	\$0.00
9/13/2005	\$2.12	\$0.00	\$0.00
9/14/2005	\$2.12	\$0.00	\$0.00
9/15/2005	\$2.12	\$0.00	\$0.00
9/16/2005	\$2.12	\$0.00	\$0.00
9/19/2005	\$2.12	\$0.00	\$0.00
9/20/2005	\$2.12	\$0.00	\$0.00
9/21/2005	\$2.12	\$0.00	\$0.00
9/22/2005	\$2.12	\$0.00	\$0.00
9/23/2005	\$2.12	\$0.00	\$0.00
9/26/2005	\$2.12	\$0.00	\$0.00
9/27/2005	\$2.12	\$0.00	\$0.00
9/28/2005	\$2.12	\$0.00	\$0.00
9/29/2005	\$2.12	\$0.00	\$0.00
9/30/2005	\$2.12	\$0.00	\$0.00
10/3/2005	\$2.12	\$0.00	\$0.00
10/4/2005	\$2.12	\$0.00	\$0.00
10/5/2005	\$2.12	\$0.00	\$0.00
10/6/2005	\$2.12	\$0.00	\$0.00
10/7/2005	\$2.12	\$0.00	\$0.00
10/10/2005	\$2.12	\$0.00	\$0.00
10/11/2005	\$2.12	\$0.00	\$0.00

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
10/12/2005	\$2.12	\$0.00	\$0.00
10/13/2005	\$2.12	\$0.00	\$0.00
10/14/2005	\$2.12	\$0.00	\$0.00
10/17/2005	\$2.12	\$0.00	\$0.00
10/18/2005	\$2.12	\$0.00	\$0.00
10/19/2005	\$2.12	\$0.00	\$0.00
10/20/2005	\$2.12	\$0.00	\$0.00
10/21/2005	\$2.12	\$0.00	\$0.00
10/24/2005	\$2.12	\$0.00	\$0.00
10/25/2005	\$2.12	\$0.00	\$0.00
10/26/2005	\$2.12	\$0.00	\$0.00
10/27/2005	\$2.12	\$0.00	\$0.00
10/28/2005	\$2.12	\$0.00	\$0.00
10/31/2005	\$2.12	\$0.00	\$0.00
11/1/2005	\$2.12	\$0.00	\$0.00
11/2/2005	\$5.21	\$0.00	\$0.00
11/3/2005	\$5.21	\$0.00	\$0.00
11/4/2005	\$5.21	\$0.00	\$0.00
11/7/2005	\$5.21	\$0.00	\$0.00
11/8/2005	\$5.21	\$0.00	\$0.00
11/9/2005	\$5.21	\$0.00	\$0.00
11/10/2005	\$5.21	\$0.00	\$0.00
11/11/2005	\$5.21	\$0.00	\$0.00
11/14/2005	\$5.21	\$0.00	\$0.00
11/15/2005	\$5.21	\$0.00	\$0.00
11/16/2005	\$5.21	\$0.00	\$0.00
11/17/2005	\$5.21	\$0.00	\$0.00
11/18/2005	\$5.21	\$0.00	\$0.00
11/21/2005	\$5.21	\$0.00	\$0.00
11/22/2005	\$5.21	\$0.00	\$0.00
11/23/2005	\$5.21	\$0.00	\$0.00
11/25/2005	\$5.21	\$0.00	\$0.00
11/28/2005	\$5.21	\$0.00	\$0.00
11/29/2005	\$5.21	\$0.00	\$0.00
11/30/2005	\$5.21	\$0.00	\$0.00
12/1/2005	\$5.21	\$0.00	\$0.00

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
12/2/2005	\$5.21	\$0.00	\$0.00
12/5/2005	\$5.21	\$0.00	\$0.00
12/6/2005	\$5.21	\$0.00	\$0.00
12/7/2005	\$5.21	\$0.00	\$0.00
12/8/2005	\$5.21	\$0.00	\$0.00
12/9/2005	\$5.21	\$0.00	\$0.00
12/12/2005	\$5.21	\$0.00	\$0.00
12/13/2005	\$5.21	\$0.00	\$0.00
12/14/2005	\$5.21	\$0.00	\$0.00
12/15/2005	\$5.21	\$0.00	\$0.00
12/16/2005	\$5.21	\$0.00	\$0.00
12/19/2005	\$5.21	\$0.00	\$0.00
12/20/2005	\$5.21	\$0.00	\$0.00
12/21/2005	\$5.21	\$0.00	\$0.00
12/22/2005	\$5.21	\$0.00	\$0.00
12/23/2005	\$5.21	\$0.00	\$0.00
12/27/2005	\$5.21	\$0.00	\$0.00
12/28/2005	\$5.21	\$0.00	\$0.00
12/29/2005	\$5.21	\$0.00	\$0.00
12/30/2005	\$5.21	\$0.00	\$0.00
1/3/2006	\$5.21	\$0.00	\$0.00
1/4/2006	\$5.21	\$0.00	\$0.00
1/5/2006	\$5.21	\$0.00	\$0.00
1/6/2006	\$5.21	\$0.00	\$0.00
1/9/2006	\$5.21	\$0.00	\$0.00
1/10/2006	\$5.21	\$0.00	\$0.00
1/11/2006	\$5.21	\$0.00	\$0.00
1/12/2006	\$5.21	\$0.00	\$0.00
1/13/2006	\$5.21	\$0.00	\$0.00
1/17/2006	\$5.21	\$0.00	\$0.00
1/18/2006	\$5.21	\$0.00	\$0.00
1/19/2006	\$5.21	\$0.00	\$0.00
1/20/2006	\$5.21	\$0.00	\$0.00
1/23/2006	\$5.21	\$0.00	\$0.00
1/24/2006	\$5.21	\$0.00	\$0.00
1/25/2006	\$5.21	\$0.00	\$0.00

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
1/26/2006	\$5.21	\$0.00	\$0.00
1/27/2006	\$5.21	\$0.00	\$0.00
1/30/2006	\$5.21	\$0.00	\$0.00
1/31/2006	\$5.21	\$0.00	\$0.00
2/1/2006	\$6.31	\$0.00	\$0.00
2/2/2006	\$6.31	\$0.00	\$0.00
2/3/2006	\$6.31	\$0.00	\$0.00
2/6/2006	\$6.31	\$0.00	\$0.00
2/7/2006	\$6.31	\$0.00	\$0.00
2/8/2006	\$6.31	\$0.00	\$0.00
2/9/2006	\$6.31	\$0.00	\$0.00
2/10/2006	\$6.31	\$0.00	\$0.00
2/13/2006	\$6.31	\$0.00	\$0.00
2/14/2006	\$6.31	\$0.00	\$0.00
2/15/2006	\$6.31	\$0.00	\$0.00
2/16/2006	\$6.31	\$0.00	\$0.00
2/17/2006	\$6.31	\$0.00	\$0.00
2/21/2006	\$6.31	\$0.00	\$0.00
2/22/2006	\$6.31	\$0.00	\$0.00
2/23/2006	\$6.31	\$0.00	\$0.00
2/24/2006	\$6.31	\$0.00	\$0.00
2/27/2006	\$6.31	\$0.00	\$0.00
2/28/2006	\$6.31	\$0.00	\$0.00
3/1/2006	\$6.31	\$0.00	\$0.00
3/2/2006	\$6.31	\$0.00	\$0.00
3/3/2006	\$6.31	\$0.00	\$0.00
3/6/2006	\$6.31	\$0.00	\$0.00
3/7/2006	\$6.31	\$0.00	\$0.00
3/8/2006	\$6.31	\$0.00	\$0.00
3/9/2006	\$6.31	\$0.00	\$0.00
3/10/2006	\$6.31	\$0.00	\$0.00
3/13/2006	\$6.31	\$0.00	\$0.00
3/14/2006	\$6.31	\$0.00	\$0.00
3/15/2006	\$6.31	\$0.00	\$0.00
3/16/2006	\$6.31	\$0.00	\$0.00
3/17/2006	\$6.31	\$0.00	\$0.00

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
3/20/2006	\$6.31	\$0.00	\$0.00
3/21/2006	\$6.31	\$0.00	\$0.00
3/22/2006	\$6.31	\$0.00	\$0.00
3/23/2006	\$6.31	\$0.00	\$0.00
3/24/2006	\$6.31	\$0.00	\$0.00
3/27/2006	\$6.31	\$0.00	\$0.00
3/28/2006	\$6.31	\$0.00	\$0.00
3/29/2006	\$6.31	\$0.00	\$0.00
3/30/2006	\$6.31	\$0.00	\$0.00
3/31/2006	\$6.31	\$0.00	\$0.00
4/3/2006	\$6.31	\$0.00	\$0.00
4/4/2006	\$6.31	\$0.00	\$0.00
4/5/2006	\$6.31	\$0.00	\$0.00
4/6/2006	\$6.31	\$0.00	\$0.00
4/7/2006	\$6.31	\$0.00	\$0.00
4/10/2006	\$6.31	\$0.00	\$0.00
4/11/2006	\$6.31	\$0.00	\$0.00
4/12/2006	\$6.31	\$0.00	\$0.00
4/13/2006	\$6.31	\$0.00	\$0.00
4/17/2006	\$6.31	\$0.00	\$0.00
4/18/2006	\$6.31	\$0.00	\$0.00
4/19/2006	\$6.31	\$0.00	\$0.00
4/20/2006	\$6.31	\$0.00	\$0.00
4/21/2006	\$6.31	\$0.00	\$0.00
4/24/2006	\$6.31	\$0.00	\$0.00
4/25/2006	\$6.31	\$0.00	\$0.00
4/26/2006	\$6.31	\$0.00	\$0.00
4/27/2006	\$6.31	\$0.00	\$0.00
4/28/2006	\$6.31	\$0.00	\$0.00
5/1/2006	\$6.31	\$0.00	\$0.00
5/2/2006	\$6.31	\$0.00	\$0.00
5/3/2006	\$4.81	\$0.00	\$0.00
5/4/2006	\$4.81	\$0.00	\$0.00
5/5/2006	\$4.81	\$0.00	\$0.00
5/8/2006	\$4.81	\$0.00	\$0.00
5/9/2006	\$4.81	\$0.00	\$0.00

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
5/10/2006	\$4.81	\$0.00	\$0.00
5/11/2006	\$4.81	\$0.00	\$0.00
5/12/2006	\$4.81	\$0.00	\$0.00
5/15/2006	\$4.81	\$0.00	\$0.00
5/16/2006	\$4.81	\$0.00	\$0.00
5/17/2006	\$4.81	\$0.00	\$0.00
5/18/2006	\$4.81	\$0.00	\$0.00
5/19/2006	\$4.81	\$0.00	\$0.00
5/22/2006	\$4.81	\$0.00	\$0.00
5/23/2006	\$4.81	\$0.00	\$0.00
5/24/2006	\$4.81	\$0.00	\$0.00
5/25/2006	\$4.81	\$0.00	\$0.00
5/26/2006	\$4.81	\$0.00	\$0.00
5/30/2006	\$4.81	\$0.00	\$0.00
5/31/2006	\$3.90	\$0.00	\$0.00
6/1/2006	\$3.90	\$0.00	\$0.00
6/2/2006	\$3.90	\$0.00	\$0.00
6/5/2006	\$3.90	\$0.00	\$0.00
6/6/2006	\$3.90	\$0.00	\$0.00
6/7/2006	\$3.90	\$0.00	\$0.00
6/8/2006	\$3.90	\$0.00	\$0.00
6/9/2006	\$3.90	\$0.00	\$0.00
6/12/2006	\$3.90	\$0.00	\$0.00
6/13/2006	\$3.90	\$0.00	\$0.00
6/14/2006	\$3.90	\$0.00	\$0.00
6/15/2006	\$3.90	\$0.00	\$0.00
6/16/2006	\$3.90	\$0.00	\$0.00
6/19/2006	\$3.90	\$0.00	\$0.00
6/20/2006	\$3.90	\$0.00	\$0.00
6/21/2006	\$3.90	\$0.00	\$0.00
6/22/2006	\$3.90	\$0.00	\$0.00
6/23/2006	\$3.90	\$0.00	\$0.00
6/26/2006	\$3.90	\$0.00	\$0.00
6/27/2006	\$3.90	\$0.00	\$0.00
6/28/2006	\$3.90	\$0.00	\$0.00
6/29/2006	\$3.90	\$0.00	\$0.00

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
6/30/2006	\$3.90	\$0.00	\$0.00
7/3/2006	\$3.90	\$0.00	\$0.00
7/5/2006	\$3.90	\$0.00	\$0.00
7/6/2006	\$3.90	\$0.00	\$0.00
7/7/2006	\$3.90	\$0.00	\$0.00
7/10/2006	\$0.00	\$0.00	\$0.00
7/11/2006	\$0.00	\$0.00	\$0.00
7/12/2006	\$0.00	\$0.00	\$0.00
7/13/2006	\$0.00	\$0.00	\$0.00
7/14/2006	\$0.00	\$0.00	\$0.00
7/17/2006	\$0.00	\$0.00	\$0.00
7/18/2006	\$0.00	\$0.00	\$0.00
7/19/2006	\$0.00	\$0.00	\$0.00
7/20/2006	\$0.00	\$0.00	\$0.00
7/21/2006	\$0.00	\$0.00	\$0.00
7/24/2006	\$0.00	\$0.00	\$0.00
7/25/2006	\$0.00	\$0.00	\$0.00
7/26/2006	\$0.00	\$0.00	\$0.00
7/27/2006	\$0.00	\$0.00	\$0.00
7/28/2006	\$0.00	\$0.00	\$0.00
7/31/2006	\$0.00	\$0.00	\$0.00
8/1/2006	\$0.00	\$0.00	\$0.00
8/2/2006	\$0.00	\$0.00	\$0.00
8/3/2006	\$0.00	\$0.00	\$0.00
8/4/2006	\$0.00	\$0.00	\$0.00
8/7/2006	\$0.00	\$0.00	\$0.00
8/8/2006	\$0.00	\$0.00	\$0.00
8/9/2006	\$0.00	\$0.00	\$0.00
8/10/2006	\$0.00	\$0.00	\$0.00
8/11/2006	\$0.00	\$0.00	\$0.00
8/14/2006	\$0.00	\$0.00	\$0.00
8/15/2006	\$0.00	\$0.00	\$0.00
8/16/2006	\$0.00	\$0.00	\$0.00
8/17/2006	\$0.00	\$0.00	\$0.00
8/18/2006	\$0.00	\$0.00	\$0.00
8/21/2006	\$0.00	\$0.00	\$0.00

Table A
Artificial Inflation for Connetics Corp. Common Stock and Bonds

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
8/22/2006	\$0.00	\$0.00	\$0.00
8/23/2006	\$0.00	\$0.00	\$0.00
8/24/2006	\$0.00	\$0.00	\$0.00
8/25/2006	\$0.00	\$0.00	\$0.00
8/28/2006	\$0.00	\$0.00	\$0.00
8/29/2006	\$0.00	\$0.00	\$0.00
8/30/2006	\$0.00	\$0.00	\$0.00
8/31/2006	\$0.00	\$0.00	\$0.00
9/1/2006	\$0.00	\$0.00	\$0.00
9/5/2006	\$0.00	\$0.00	\$0.00
9/6/2006	\$0.00	\$0.00	\$0.00
9/7/2006	\$0.00	\$0.00	\$0.00
9/8/2006	\$0.00	\$0.00	\$0.00
9/11/2006	\$0.00	\$0.00	\$0.00
9/12/2006	\$0.00	\$0.00	\$0.00
9/13/2006	\$0.00	\$0.00	\$0.00
9/14/2006	\$0.00	\$0.00	\$0.00
9/15/2006	\$0.00	\$0.00	\$0.00
9/18/2006	\$0.00	\$0.00	\$0.00
9/19/2006	\$0.00	\$0.00	\$0.00
9/20/2006	\$0.00	\$0.00	\$0.00
9/21/2006	\$0.00	\$0.00	\$0.00
9/22/2006	\$0.00	\$0.00	\$0.00
9/25/2006	\$0.00	\$0.00	\$0.00
9/26/2006	\$0.00	\$0.00	\$0.00
9/27/2006	\$0.00	\$0.00	\$0.00
9/28/2006	\$0.00	\$0.00	\$0.00
9/29/2006	\$0.00	\$0.00	\$0.00
10/2/2006	\$0.00	\$0.00	\$0.00
10/3/2006	\$0.00	\$0.00	\$0.00
10/4/2006	\$0.00	\$0.00	\$0.00
10/5/2006	\$0.00	\$0.00	\$0.00
10/6/2006	\$0.00	\$0.00	\$0.00

Table B
Post-Settlement Rolling Average Price for Connetics Corp.

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
7/10/2006	7.76	95.71	91.97
7/11/2006	7.88	95.71	92.08
7/12/2006	7.89	95.71	91.81
7/13/2006	7.92	95.71	91.67
7/14/2006	7.91	95.71	91.63
7/17/2006	7.92	95.71	91.72
7/18/2006	7.91	95.71	91.77
7/19/2006	7.95	95.71	91.82
7/20/2006	8.00	95.71	91.85
7/21/2006	8.04	95.71	91.88
7/24/2006	8.11	95.71	91.90
7/25/2006	8.22	95.46	91.14
7/26/2006	8.28	95.25	90.49
7/27/2006	8.36	95.08	89.98
7/28/2006	8.45	94.93	89.53
7/31/2006	8.52	94.80	89.14
8/1/2006	8.59	94.68	88.79
8/2/2006	8.69	94.58	88.50
8/3/2006	8.78	94.49	88.24
8/4/2006	8.87	94.40	88.01
8/7/2006	8.93	94.33	87.80
8/8/2006	8.98	94.26	87.60
8/9/2006	9.02	94.20	87.43
8/10/2006	9.06	94.14	87.27
8/11/2006	9.07	94.09	87.16
8/14/2006	9.07	94.04	87.05
8/15/2006	9.11	93.99	86.96
8/16/2006	9.14	93.96	86.84
8/17/2006	9.17	93.94	86.72
8/18/2006	9.20	93.91	86.61
8/21/2006	9.23	93.88	86.50
8/22/2006	9.25	93.86	86.40
8/23/2006	9.28	93.84	86.31
8/24/2006	9.30	93.81	86.22
8/25/2006	9.34	93.79	86.14

Table B
Post-Settlement Rolling Average Price for Connetics Corp.

Date	Common Stock (per Share)	2.25% Convertible Notes Due 2008 (per \$100 of Par Value)	2.00% Convertible Notes Due 2015 (per \$100 of Par Value)
8/28/2006	9.39	93.77	86.06
8/29/2006	9.43	93.75	86.00
8/30/2006	9.48	93.73	85.93
8/31/2006	9.51	93.72	85.88
9/1/2006	9.54	93.70	85.82
9/5/2006	9.57	93.69	85.77
9/6/2006	9.59	93.68	85.72
9/7/2006	9.61	93.66	85.67
9/8/2006	9.63	93.63	85.63
9/11/2006	9.64	93.61	85.59
9/12/2006	9.66	93.60	85.56
9/13/2006	9.68	93.58	85.54
9/14/2006	9.69	93.56	85.51
9/15/2006	9.71	93.55	85.49
9/18/2006	9.72	93.53	85.47
9/19/2006	9.73	93.51	85.45
9/20/2006	9.75	93.50	85.42
9/21/2006	9.76	93.49	85.41
9/22/2006	9.77	93.47	85.39
9/25/2006	9.80	93.48	85.37
9/26/2006	9.81	93.47	85.36
9/27/2006	9.82	93.46	85.34
9/28/2006	9.83	93.47	85.33
9/29/2006	9.85	93.47	85.31
10/2/2006	9.86	93.48	85.31
10/3/2006	9.87	93.48	85.30
10/4/2006	9.88	93.49	85.29
10/5/2006	9.89	93.50	85.28
10/6/2006	9.90	93.50	85.27

Note: There are a number of days for which pricing data are not available for Connetics 2.25% Convertible Notes Due 2008 and 2.00% Convertible Notes Due 2015. For the purposes of this table only, the price on each day is assumed to be the most recent available price.

EXHIBIT 3

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP

ATTORNEYS AT LAW

NEW YORK • CALIFORNIA • LOUISIANA

FIRM RESUME

Visit our web site at www.blbglaw.com for the most up-to-date information on the firm, its lawyers and practice groups.

Bernstein Litowitz Berger & Grossmann LLP, a firm of over 50 attorneys in offices located in New York, California and Louisiana, prosecutes class and private actions, nationwide, on behalf of individual and institutional clients. The firm's litigation practice concentrates in the areas of securities class actions in federal and state courts; corporate governance litigation, including claims for breach of fiduciary duty and proxy violations; antitrust; prosecuting violations of federal and state anti-discrimination laws and vindication of employee rights; and consumer class actions. 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), and the Ontario Teachers' Pension Plan, the largest public pension funds in North America, collectively managing over \$300 billion in assets; the Los Angeles County Employees' Retirement Association (LACERA); the Chicago Municipal, Police and Labor Retirement Systems; the State of Wisconsin Investment Board; the Retirement Systems of Alabama; the Connecticut Retirement Plans and Trust Funds; the City of Detroit Pension Systems; the Houston Firefighters' and Municipal Employees' Pension Funds; 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.

Since its founding in 1983, Bernstein Litowitz Berger & Grossmann LLP has litigated some of the most complex cases in history and has obtained over \$20 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 five of the ten largest securities recoveries in history.

As Co-Lead Counsel for the Class representing Lead Plaintiff the New York State Common Retirement Fund in *In re WorldCom, Inc. Securities Litigation*, arising from the financial fraud and subsequent bankruptcy at WorldCom, Inc., we obtained unprecedented settlements from the investment bank defendants who underwrote WorldCom bonds totaling more than \$6 billion, the second largest securities recovery in history. Additionally, all of the former WorldCom Director Defendants agreed to pay over \$60 million to settle the claims against them. An unprecedented first for outside directors, \$24.75 million of that amount is coming out of the pockets of the individuals—20% of their collective net worth. Also, after four weeks of trial, Arthur Andersen, WorldCom's former auditor, settled for \$65 million. In July 2005, settlements had been reached with the former executives of WorldCom, bringing the total obtained for the Class to over \$6.15 billion.

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP

The firm was also Co-Lead Counsel in *In re Cendant Corporation Securities Litigation*, which settled for more than \$3 billion in cash. This settlement is the largest ever recovered from a public company and a public accounting firm and includes some of the most significant corporate governance changes ever achieved through securities class action litigation. The firm represented Lead Plaintiffs CalPERS, the New York State Common Retirement Fund, and the New York City Pension Funds on behalf of all purchasers of Cendant securities during the class period. In 2006, the firm also recovered over \$1.3 billion for investors in Nortel Networks, and recent settlements in *In re McKesson HBOC Inc. Securities Litigation* total over \$1 billion in monies recovered for investors. Additionally, the firm was lead counsel in the celebrated *In re Washington Public Power Supply System Litigation*, which, after seven years of litigation and three months of jury trial, resulted in what was then the largest securities fraud recovery ever – over \$750 million.

The firm's prosecution of Arthur Andersen LLP, for Andersen's role in the 1999 collapse of the Baptist Foundation of Arizona ("BFA"), received intense national and international media attention. As lead trial counsel for the defrauded BFA investors, the firm obtained a cash settlement of \$217 million from Andersen in May 2002, after six days of what was scheduled to be a three month trial. In combination with prospective BFA asset sales and a settlement with BFA's former law firm, it is expected that the over 11,000 retirees and investors will recover over 70% of their losses. The case was covered in great detail by *The Wall Street Journal*, *The New York Times*, *The Washington Post*, "60 Minutes II," National Public Radio, and the BBC, as well as various other international news outlets.

Equally important, Bernstein Litowitz Berger & Grossmann LLP has successfully 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 similarly resulted in 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 will, undoubtedly, serve as a model for public companies into the next century.

On behalf of twelve public pension funds, including the New York State Common Retirement Fund, CalPERS, LACERA, and other institutional investors, the firm successfully prosecuted *McCall v. Scott*, a derivative suit filed against the directors and officers of Columbia/HCA Healthcare Corporation, the subject of the largest health care fraud investigation in history. This settlement, announced in February 2003, included a landmark corporate governance plan which went well beyond all recently enacted regulatory reforms, greatly enhancing the corporate governance structure in place at HCA.

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' losses – an extraordinary result in consumer class cases. Additionally, the firm has become a leader in the area of Internet Privacy and is counsel in several of the seminal cases that have been brought on behalf of Internet users whose personal information is being intercepted and sent to Web-based companies.

Our firm is dedicated to litigating with the highest level of professional competence, striving to secure the maximum possible recovery for our clients in the most efficient and professionally responsible manner. In those cases where we have served as either lead counsel or as a member of plaintiffs' executive committee, the firm has recovered billions of dollars for our clients.

THE FIRM'S PRACTICE AREAS

Securities Fraud Litigation

Securities fraud litigation is the cornerstone of the firm's class action litigation practice. Since its founding, the firm has tried and settled many high profile securities fraud class actions and continues to play a leading role in major securities litigation pending in federal and state courts. Moreover, since passage of the Private Securities Litigation Reform Act of 1995, which sought to encourage institutional investors to become more pro-active in securities fraud class action litigation, the firm has become the nation's leader in representing institutional investors in securities fraud and derivative litigation.

The firm has the distinction of having prosecuted many of the most complex and high-profile cases in securities law history, recovering billions of dollars and obtaining unprecedented corporate governance reforms on behalf of our clients. Several of the firm's high-profile current prosecutions and outstanding accomplishments as class counsel are detailed in our Recent Actions and Significant Recoveries section beginning on page 8.

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 and one is a certified public accountant. The group has access to state-of-the-art, online financial wire services and databases, which enable them 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 prosecuted actions challenging numerous highly publicized corporate transactions which violated fair process and fair price, and the applicability of the business judgment rule. The group has 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. A major component of the *Cendant* settlement referenced above is Cendant's agreement to adopt the most extensive corporate governance changes in history.

Recent examples of highly successful M&A litigation conducted by Bernstein Litowitz Berger & Grossmann include the widely publicized lawsuit arising from the proposed acquisition of Caremark Corp. by CVS Corp.—which led to an increase of approximately \$3.5 billion in the consideration offered to shareholders—as well as the lawsuit over an attempted buyout of Cablevision Corp. by its controlling family—which, although still ongoing, has resulted in an increase of over \$2.2 billion in the consideration currently on offer to Cablevision 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. As stated, the firm's practice group recently settled the *Texaco* racial discrimination lawsuit for \$176 million, the largest settlement in the history of employment discrimination cases.

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 recent actions against MCI and Empire Blue Cross, the firm recovered all of the damages suffered by the class. The group has 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. For example, the firm is a recognized leader in Internet privacy, where it prosecuted several seminal cases on behalf of Web users whose personal information has been unwittingly intercepted and sent to Internet companies in violation of federal statutes and state law.

THE COURTS SPEAK

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

Judge Denise Cote (United States District Court for the Southern District of New York) has noted, several times on the record, the quality of BLB&G's ongoing representation of the Class in *In re WorldCom, Inc. Securities Litigation*. Judge Cote on December 16, 2003:

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

In granting final approval of the \$2.575 billion settlement obtained from the Citigroup Defendants, Judge Cote again praised BLB&G's efforts:

"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 February 2005, at the conclusion of trial of *In re Clarent Corporation Securities Litigation*, The Honorable Charles R. Breyer of the United States District Court for the Northern District of California praised the efforts of counsel: "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.... The evidence was carefully presented to you.... They got dry subject matter and made it interesting... [brought] the material alive... good trial lawyers can do that.... I've had fascinating criminal trials that were far less interesting than this case. [I]t's a great thing to be able to see another aspect of life... It keeps you young... vibrant... [and] involved in things... These trial lawyers are some of the best I've ever seen."

* * *

In granting the Court's approval of the resolution and prosecution of *McCall v. Scott*, a shareholder derivative lawsuit against certain former senior executives of HCA Healthcare (formerly Columbia/HCA), Senior Judge Thomas A. Higgins (United States District Court, Middle District of Tennessee) said that the settlement "confers an exceptional benefit upon the company and the shareholders by way of the corporate governance plan. . . . 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."

* * *

Judge Walls (District of New Jersey), in approving the \$3.2 billion *Cendant* settlement, said that the recovery from all defendants, which represents a 37% recovery to the Class, "far exceeds recovery rates of any case cited by the parties." The Court also held that the \$335 million separate recovery from E&Y is "large" when "[v]iewed in light of recoveries against accounting firms for securities damages." In granting Lead Counsel's fee request, the Court determined that "there is no other catalyst for the present settlement than the work of Lead Counsel. . . . This Court, and no other judicial officer, has maintained direct supervision over the parties from the outset of litigation to the present time. In addition to necessary motion practice, the parties regularly met with and reported to the Court every five or six weeks during this period about the status of negotiations between them. . . . [T]he Court has no reason to attribute a portion of the Cendant settlement to others' efforts; Lead Counsel were the only relevant material factors for the settlement they directly negotiated." The Court found that "[t]he quality of result, measured by the size of settlement, is very high. . . . The Cendant settlement amount alone is over three times larger than the next largest recovery achieved to date in a class action case for violations of the securities laws, and approximately ten times greater than any recovery in a class action case involving fraudulent financial statements. . . . The E&Y settlement is the largest amount ever paid by an accounting firm in a securities class action." The Court went on to observe that "the standing, experience and expertise of the counsel, the skill and professionalism with which counsel prosecuted the case and the performance and quality of opposing counsel were high in this action. Lead Counsel are experienced securities litigators who ably prosecuted the action." The Court concluded that this Action resulted in "excellent settlements of uncommon amount engineered by highly skilled counsel with reasonable cost to the class."

* * *

After approving the settlement in *Alexander v. Pennzoil Company*, the Honorable Vanessa D. Gilmore of the United States District Court for the Southern District of Texas ended the settlement hearing by praising our firm for the quality of the settlement and our commitment to effectuating change in the workplace. "... the lawyers for the plaintiffs ... did a tremendous, tremendous job. ... not only in the monetary result obtained, but the substantial and very innovative programmatic relief that the plaintiffs have obtained in this case ... treating people fairly and with respect can only inure to the benefit of everybody concerned. I think all these lawyers did an outstanding job trying to make sure that that's the kind of thing that this case left behind."

* * *

On February 23, 2001, the United States District Court for the Northern District of California granted final approval of the \$259 million cash settlement in *In re 3Com Securities Litigation*, the largest settlement of a securities class action in the Ninth Circuit since the Private Securities Litigation Reform Act was passed in 1995, and the fourth largest recovery ever obtained in a securities class action. The district court, in an Order entered on March 9, 2001, specifically commented on the quality of counsel's efforts and the settlement, holding that "counsel's representation [of the class] was excellent, and ... the results they achieved were substantial and extraordinary." The Court described our firm as "among the most experienced and well qualified in this country in [securities fraud] litigation."

* * *

United States District Judge Todd J. Campbell of the Middle District of Tennessee heard arguments on Plaintiffs' Motion for Preliminary Injunction in *Cason v. Nissan Motor Acceptance Corporation Litigation*, the highly publicized discriminatory lending class action, on September 5, 2001. He exhibited his own brand of candor in commenting on the excellent work of counsel in this matter: "In fact, the lawyering in this case... is as good as I've seen in any case. So y'all are to be commended for that."

* * *

In approving the \$30 million settlement in the *Assisted Living Concepts, Inc. Securities Litigation*, the Honorable Ann L. Aiken of the Federal District Court in Oregon, praised the recovery and the work of counsel. She stated that, "...without a doubt...this is a...tremendous result as a result of very fine work...by the...attorneys in this case."

* * *

The Honorable Judge Edward A. Infante of the United States District Court for the Northern District of California expressed high praise for the settlement and the expertise of plaintiffs' counsel when he approved the final settlement in the *Wright v. MCI Communications Corporation* consumer class action. "The settlement. . . . is a very favorable settlement to the class. . . . to get an 85% result was extraordinary, and plaintiffs' counsel should be complimented for it on this record. . . . The recommendations of experienced counsel weigh heavily on the court. The lawyers before me are specialists in class action litigation. They're well known to me, particularly Mr. Berger, and I have confidence that if Mr. Berger and the other plaintiffs' counsel think this is a good, well-negotiated settlement, I find it is." The case was settled for \$14.5 million.

* * *

At the *In re Computron Software, Inc. Securities Litigation* settlement hearing, Judge Alfred J. Lechner, Jr. of the United States District Court for the District of New Jersey approved the final settlement and commended Bernstein Litowitz Berger & Grossmann's efforts on behalf of the Class. "I think the job that was done here was simply outstanding. I think all of you just did a superlative job and I'm appreciat[ive] not only for myself, but the court system and the plaintiffs themselves. The class should be very, very pleased with the way this turned out, how expeditiously it's been moved." *In re Computron Software, Inc. Securities Litigation* was a securities fraud class action filed on behalf of shareholders who purchased Computron common stock at inflated prices due to alleged misrepresentation about the company's financial obligation. The case settled for \$15 million dollars.

* * *

The *In re Louisiana-Pacific Corporation Securities Litigation*, filed in the United States District Court, District of Oregon, was a securities class action alleging fraud and misrepresentations in connection with the sale of defective building materials. Our firm, together with co-lead counsel, negotiated a settlement of \$65.1 million, the largest securities fraud settlement in Oregon history, which was approved by Judge Robert Jones on February 12, 1997. The Court there recognized that ". . . the work that is involved in this case could only be accomplished through the unique talents of plaintiffs' lawyers . . . which involved a talent that is not just simply available in the mainstream of litigators."

* * *

Judge Kimba M. Wood of the United States District Court for the Southern District of New York, who presided over the six-week securities fraud class action jury trial in *In re ICN/Viratek Securities Litigation*, also recently praised our firm for the quality of the representation afforded to the class and the skill and expertise demonstrated throughout the litigation and trial especially. The Court commented that “. . . plaintiffs’ counsel did a superb job here on behalf of the class. . . This was a very hard fought case. You had very able, superb opponents, and they put you to your task. . . The trial work was beautifully done and I believe very efficiently done. . .”

* * *

Similarly, the Court in the *In re Prudential-Bache Energy Income Partnership Securities Litigation*, United States District Court, Eastern District of Louisiana, recognized Bernstein Litowitz Berger & Grossmann LLP’s “. . . professional standing among its peers.” In that case, which was settled for \$120 million, our firm served as Chair of Plaintiffs’ Executive Committee.

* * *

In the landmark securities fraud case, *In re Washington Public Power Supply System Litigation* (United States District Court, District of Arizona), the district court called the quality of representation “exceptional,” noting that “[t]his was a case of overwhelmingly unique proportions. . . a rare and exceptional case involving extraordinary services on behalf of Class plaintiffs.” The Court also observed that “[a] number of attorneys dedicated significant portions of their professional careers to this litigation, . . . champion[ing] the cause of Class members in the face of commanding and vastly outnumbering opposition. . . [and] in the face of uncertain victory. . . . [T]hey succeeded admirably.”

* * *

Likewise, in *In re Electro-Catheter Securities Litigation*, where our firm served as co-lead counsel, Judge Nicholas Politan of the United States District Court for New Jersey said:

Counsel in this case are highly competent, very skilled in this very specialized area and were at all times during the course of the litigation...always well prepared, well spoken, and knew their stuff and they were a credit to their profession. They are the top of the line.

* * *

In our ongoing prosecution of the *In re Bennett Funding Group Securities Litigation*, the largest “Ponzi scheme” fraud in history, partial settlements totaling over \$140 million have been negotiated for the class. While the action continues to be prosecuted against other defendants, the United States District Court for the Southern District of New York has already found our firm to have been “extremely competent” and of “great skill” in representing the class.

* * *

Judge Sarokin of the United States District Court for the District of New Jersey, after approving the \$30 million settlement in *In re First Fidelity Bancorporation Securities Litigation*, a case in which were lead counsel, praised the “. . . outstanding competence and performance” of the plaintiffs’ counsel and expressed “admiration” for our work in the case.

RECENT ACTIONS & SIGNIFICANT RECOVERIES

Currently, 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

In re WorldCom, Inc. Securities Litigation -- (United States District Court for the Southern District of New York) The largest securities fraud class action in history. The court appointed BLB&G client the **New York State Common Retirement Fund** as Lead Plaintiff and the firm as Lead Counsel for the class in this securities fraud action arising from the financial fraud and subsequent bankruptcy at WorldCom, Inc. The complaints in this litigation allege 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. As a result, investors suffered tens of billions of dollars in losses. The Complaint further alleges 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 (most notably, Jack Grubman, Salomon's star telecommunications analyst), and by WorldCom's former CEO and CFO, Bernard J. Ebbers and Scott Sullivan, respectively. On November 5, 2004, the Court granted final approval of the \$2.575 billion cash settlement to settle all claims against the Citigroup defendants. In mid-March 2005, 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, bringing the total over \$6 billion. Additionally, by March 21, 2005, 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 is coming out of the pockets of the individuals— 20% of their collective net worth. The case generated headlines across the country—and across the globe—and is changing the way Wall Street does business. In the words of Lynn Turner, a former SEC chief accountant, the settlement sent a message to directors "that their own personal wealth is at risk if they're not diligent in

their jobs." After four weeks of trial, Arthur Andersen, WorldCom's former auditor, settled for \$65 million. In July 2005, settlements were reached with the former executives of WorldCom, bringing the total obtained for the Class to over \$6.15 billion.

In re Cendant Corporation Securities Litigation -- (United States District Court, District of New Jersey) Securities class action filed against Cendant Corporation, its officers and directors and Ernst & Young, its auditors. Cendant settled the action for \$2.8 billion and Ernst & Young settled for \$335 million. The settlements are the third largest in history in a securities fraud action. Plaintiffs allege that the company disseminated materially false and misleading financial statements concerning CUC's revenues, earnings and expenses for its 1997 fiscal year. As a result of company-wide accounting irregularities, Cendant has restated its financial results for its 1995, 1996 and 1997 fiscal years and all fiscal quarters therein. The firm represents 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.

Baptist Foundation of Arizona v. Arthur Andersen, LLP -- (Superior Court of the State of Arizona in and for the County of Maricopa) Firm client, the **Baptist Foundation of Arizona Liquidation Trust** ("BFA") filed a lawsuit charging its former auditors, the "Big Five" accounting firm of Arthur Andersen LLP, with negligence in conducting its annual audits of BFA's financial statements for a 15-year period beginning in 1984, and culminating in BFA's bankruptcy in late 1999. Investors lost hundreds of millions of dollars as a result of BFA's demise. The lawsuit alleges that Andersen ignored evidence of corruption and mismanagement by BFA's former senior management team and failed to investigate suspicious transactions related to the mismanagement. These oversights of accounting work, which were improper under generally accepted accounting principles,

allowed BFA's undisclosed losses to escalate to hundreds of million of dollars, and ultimately resulted in its demise. On May 6, 2002, after one week of trial, Andersen agreed to pay \$217 million to settle the litigation. The court approved the settlement on September 13, 2002 and, ultimately, investors are expected to recover 70% of their losses.

In re Nortel Networks Corporation Securities Litigation -- ("Nortel II") (United States District Court for the Southern District of New York) Securities fraud class action on behalf of persons and entities who purchased or acquired the common stock of Nortel Networks Corporation. The action charges Nortel, and certain of its officers and directors, with violations of the Securities Exchange Act of 1934, alleging that the defendants knowingly or, at a minimum, 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, and BLB&G was appointed Lead Counsel for the Class by the court in July 2004. On February 8, 2006, BLB&G and Lead Plaintiffs announced that they and another plaintiff had reached an historic agreement in principle with Nortel to settle litigation pending against the Company for approximately \$2.4 billion in cash and Nortel common stock (all figures in US dollars). The Nortel II portion of the settlement totaled approximately \$1.2 billion. 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 \$1.3 billion.

HealthSouth Corporation Bondholder Litigation -- (United States District Court for the Northern District of Alabama {Southern Division}) On March 19, 2003, the investment community was stunned by the charges filed by the Securities and Exchange Commission against Birmingham, Alabama based HealthSouth Corporation and its former Chairman and Chief Executive Officer, Richard M. Scrusby, alleging a "massive accounting fraud." Stephen M. Cutler, the SEC's Director of Enforcement, said "HealthSouth's fraud represents an appalling betrayal of investors." According to the SEC, HealthSouth overstated its earnings by at least \$1.4 billion since 1999 at the direction of Mr. Scrusby. Subsequent revelations have disclosed that the overstatement actually exceeded over \$2.4 billion, virtually wiping

out all of HealthSouth's reported profits for the last five years. A number of executives at HealthSouth, including its most senior accounting officers -- including every chief financial officer in HealthSouth's history -- have pleaded guilty to criminal fraud charges. In the wake of these disclosures, numerous securities class action lawsuits have been filed against HealthSouth and certain individual defendants. On June 24, 2003, the Honorable Karon O. Bowdre of the District Court appointed the **Retirement Systems of Alabama** to serve as Lead Plaintiff on behalf of a class of all purchasers of HealthSouth bonds who suffered a loss as a result of the fraud. Judge Bowdre appointed BLB&G to serve as Co-Lead Counsel for the bondholder class. On February 22, 2006, the RSA announced that it and several other institutional plaintiffs leading investor lawsuits arising from the corporate scandal at HealthSouth Corporation had reached a class action settlement with HealthSouth, certain of the company's former directors and officers, and certain of the company's insurance carriers. The total consideration to be paid in the settlement is approximately \$445 million. The action continues against the remaining defendants.

In re McKesson HBOC, Inc. Securities Litigation -- (United States District Court, Northern District of California) Securities fraud litigation filed on behalf of purchasers of HBOC, McKesson and McKesson HBOC securities. On April 28, 1999, the Company issued the first of several press releases which announced that, due to its improper recognition of revenue from contingent software sales, it would have to restate its previously reported financial results. Immediately thereafter, McKesson HBOC common stock lost \$9 billion in market value. On July 14, 1999, the Company announced that it was restating \$327.8 million of revenue improperly recognized in the HBOC segment of its business during the fiscal years ending March 31, 1997, 1998 and 1999. The complaint alleges that, during the Class Period, Defendants issued materially false and misleading statements to the investing public concerning HBOC's and McKesson HBOC's financial results, which had the effect of artificially inflating the prices of HBOC's and the Company's securities. On February 24, 2006, the court granted final approval of a \$960 million settlement which BLB&G and its client, Lead Plaintiff the **New York State Common Retirement Fund**, obtained from the company. On December 19, 2006, defendant Arthur Andersen agreed to pay \$72.5 million in cash to settle all claims asserted against it. On January 18, 2008, the court granted final approval of a \$10 million

settlement from remaining defendant Bear Stearns, bringing the total recovery to more than \$1.04 billion for distribution to eligible Settlement Class Members.

Ohio Public Employees Retirement System, et al. v. Freddie Mac, et al. -- (United States District Court for the Southern District of Ohio {Eastern Division}) Securities fraud class action filed on behalf of the **Ohio Public Employees Retirement System** and the **State Teachers Retirement System of Ohio** against the Federal Home Loan Mortgage Corporation ("Freddie Mac") and certain of its current and former officers. The Class includes all purchasers of Freddie Mac common stock during the period July 15, 1999 through June 6, 2003. The Complaint alleges that Freddie Mac and certain current or former officers of the Company issued false and misleading statements in connection with Company's previously reported financial results. Specifically, the complaint alleges 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. On November 21, 2003, Freddie Mac restated its previously reported earnings in connection with these improprieties, ultimately restating more than \$5.0 billion in earnings. In October 2005, with document review nearly complete, Lead Plaintiffs began deposition discovery. On April 25, 2006, the parties reported to the Court that they had reached an agreement in principle to settle the case for \$410 million. On October 26, 2006, the Court granted final approval of the settlement.

In re Washington Public Power Supply System Litigation -- (United States District Court, District of Arizona) Commenced in 1983, the firm was appointed Chair of the Executive Committee responsible for litigating the action on behalf of the class. The action 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.

In re Lucent Technologies, Inc. Securities Litigation -- (United States District Court for the District of New Jersey) A securities fraud class action filed on behalf of purchasers of the common stock of

Lucent Technologies, Inc. from October 26, 1999 through December 20, 2000. In the action, BLB&G served as Co-Lead Counsel for the shareholders and Lead Plaintiffs, the **Parnassus Fund and Teamsters Locals 175 & 505 D&P Pension Trust**, and also represented the **Anchorage Police and Fire Retirement System** and the **Louisiana School Employees' Retirement System**. Lead Plaintiffs' complaint charged Lucent with 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. On September 23, 2003, the Court granted preliminary approval of the agreement to settle this litigation, a package which is currently valued at approximately \$517 million composed of cash, stock and warrants. The appointment of BLB&G as Co-Lead Counsel is especially noteworthy as it marks the first time since the 1995 passage of the Private Securities Litigation Reform Act that a court has reopened the lead plaintiff or lead counsel selection process to account for changed circumstances, new issues and possible conflicts between new and old allegations.

In re Williams Securities Litigation -- (United States District Court for the Northern District of Oklahoma) Securities fraud class action filed on behalf of a class of all persons or entities that purchased or otherwise acquired certain securities of The Williams Companies. The action alleged securities claims pursuant to Section 10(b) of the Securities Exchange Act of 1934 and Section 11 of the Securities Act of 1933. After a massive discovery and intensive litigation effort, which included taking more than 150 depositions and reviewing in excess of 18 million pages of documents, BLB&G and its clients, the Arkansas Teacher Retirement System and the Ontario Teachers' Pension Plan Board, announced an agreement to settle the litigation against all defendants for \$311 million in cash on June 13, 2006. The recovery is among the largest recoveries ever in a securities class action in which the corporate defendant did not restate its financial results.

In re DaimlerChrysler Securities Litigation -- (United States District Court for the District of Delaware) A securities class action filed against defendants DaimlerChrysler AG, Daimler-Benz AG and two of DaimlerChrysler's top executives, charging that Defendants acted in bad faith and misrepresented the nature of the 1998 merger between Daimler-Benz AG and the Chrysler

Corporation. According to plaintiffs, defendants framed the transaction as a “merger of equals,” rather than an acquisition, in order to avoid paying an “acquisition premium.” Plaintiffs’ Complaint alleges that Defendants made this representation to Chrysler shareholders in the August 6, 1998 Registration Statement, Prospectus, and Proxy, leading 97% of Chrysler shareholders to approve the merger. BLB&G is court-appointed Co-Lead Counsel for Co-Lead Plaintiffs the **Chicago Municipal Employees Annuity and Benefit Fund** and the **Chicago Policemen’s Annuity and Benefit Fund**. BLB&G and the Chicago funds filed the action on behalf of investors who exchanged their Chrysler Corporation shares for DaimlerChrysler shares in connection with the November 1998 merger, and on behalf of investors who purchased DaimlerChrysler shares in the open market from November 13, 1998 through November 17, 2000. On August 22, 2003, BLB&G, as Co-Lead Counsel for Plaintiffs, obtained an

agreement in principle to settle the action for \$300 million.

In re Bennett Funding Group Securities Litigation -- (United States District Court, Southern District of New York). Investor class action involving the sale of \$570 million in fraudulent investments, described as the largest “Ponzi” scheme in United States history. The action was prosecuted against over fifty defendants including Bennett’s former auditors, insurers and broker-dealers who sold Bennett investment. The class includes all purchasers of Bennett securities from March 29, 1992 through March, 29, 1996. The action settled with multiple defendants for over \$165 million.

Corporate Governance and Shareholders’ Rights

McCall v. Scott -- (United States District Court, Middle District of Tennessee). A derivative action filed on behalf of Columbia/HCA Healthcare Corporation -- now “HCA” -- against certain former senior executives of HCA and current and former members of the Board of Directors seeking to hold them responsible for directing or enabling HCA to commit the largest healthcare fraud in history, resulting in hundreds of millions of dollars of loss to HCA. The firm represents the **New York State Common Retirement Fund** as Lead Plaintiff, as well as the **California Public Employees’ Retirement System (“CalPERS”)**, the **New York City Pension Funds**, the **New York State Teachers’ Retirement System** and the **Los Angeles County Employees’ Retirement Association (“LACERA”)** in this action. Although the district court initially dismissed the action, the United States Court of Appeals for the Sixth Circuit reversed that dismissal and upheld the complaint in substantial part, and remanded the case back to the district court. On February 4, 2003, the Common Retirement Fund, announced that the parties had agreed in principle to settle the action, subject to approval of the district court. As part of the settlement, HCA will adopt a corporate governance plan that goes well beyond the requirements both of the Sarbanes-Oxley Act and of the rules that the New York Stock Exchange has proposed to the SEC, and also enhances the corporate governance structure presently in place at HCA. HCA also will receive \$14 million. Under the

sweeping governance plan, the HCA Board of Directors will be substantially independent, and will have increased power and responsibility to oversee fair and accurate financial reporting. In granting final approval of the settlement on June 3, 2003, the Honorable Senior Judge Thomas A. Higgins of the District Court said that the settlement “confers an exceptional benefit upon the company and the shareholders by way of the corporate governance plan.”

Official Committee of Unsecured Creditors of Integrated Health Services, Inc. v. Elkins, et al. -- (Delaware Chancery Court) The Official Committee of Unsecured Creditors (the “Committee”) of Integrated Health Services (“IHS”), filed a complaint against the current and former officers and directors of IHS, a health care provider which declared bankruptcy in January 2000. The Committee, on behalf of the Debtors Bankruptcy Estates, sought damages for breaches of fiduciary duties and waste of corporate assets in proposing, negotiating, approving and/or ratifying excessive and unconscionable compensation arrangements for Robert N. Elkins, the Company’s former Chairman and Chief Executive Officer, and for other executive officers of the Company. BLB&G is a special litigation counsel to the committee in this action. The Delaware Chancery Court sustained most of Plaintiff’s fiduciary duty claims against the defendants, finding that the complaint sufficiently pleaded that the defendants

“consciously and intentionally disregarded their responsibilities.” The Court also observed that Delaware law sets a very high bar for proving violation of fiduciary duties in the context of

Employment Discrimination and Civil Rights

Roberts v. Texaco, Inc. -- (United States District Court for the Southern District of New York) 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. Two years of intensive investigation on the part of the lawyers of Bernstein Litowitz Berger & Grossmann LLP, including retaining the services of high level expert statistical analysts, revealed that African-Americans were significantly under-represented in high level management jobs and Caucasian employees were promoted more frequently and at far higher rates for comparable positions within the Company. Settled for over \$170 million. Texaco also agreed to a Task Force to monitor its diversity programs for five years. The settlement has been described as the most significant race discrimination settlement in history.

GMAC/NMAC/Ford/Toyota/Chrysler Consumer Finance Discrimination Litigation The cases involve allegations that the lending practices of General Motors Acceptance Corporation, Nissan Motor Acceptance Corporation, Ford Motor Credit, Toyota Motor Credit and Chrysler Financial cause black 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. On February 24, 2003, the Honorable Todd J. Campbell of the States District Court for the Middle District of Tennessee granted preliminary approval of the settlement of the class

Consumer Class Actions

E*Trade Group, Inc. -- (Superior Court of California, Santa Clara County) A class action filed on behalf of all individuals who have or had accounts with E*Trade from September 1996 to the present. The complaint alleges that E*Trade’s representations to customers regarding the manner in which their accounts would be handled were false and misleading; that the electronic trading systems were

executive compensation. Resulting in a multi-million dollar settlement, the Integrated Health Services litigation was one of the few executive compensation cases successfully litigated in Delaware.

action pending against Nissan Motor Acceptance Corporation (“NMAC”). Under the terms of the settlement, NMAC will offer pre-approved loans to hundreds of thousands of current and potential black and Hispanic NMAC customers, and will limit how much it raises the interest charged to car buyers above the company’s minimum acceptable rate. The company will also contribute \$1 million to America Saves, to develop a car financing literacy program targeted toward minority consumers. The settlement also provides for the payment of \$5,000 to \$20,000 to the 10 people named in the class-action lawsuit. Other car buyers wishing to recover damages will still be able to sue NMAC separately. BLB&G continues to prosecute the actions against the other auto lenders.

Alexander v. Pennzoil Company -- (United States District Court, Southern District of Texas) A class action on behalf of all salaried African-American employees at Pennzoil alleging race discrimination in the Company’s promotion, compensation and other job related practices. The action settled for \$6.75 million.

Butcher v. Gerber Products Company -- (United States District Court, Southern District of New York) Class action asserting violations of the Age Discrimination in Employment Act arising out of the mass discharging of approximately 460 Gerber sales people, the vast majority of whom were long-term Gerber employees aged 40 and older. Settlement terms are confidential.

inadequate to meet customer demands; and that, as a result of these misrepresentations, customers suffered significant losses and have been deprived of the benefits which E*Trade had represented they would receive.

General Motors Corporation -- (Superior Court of New Jersey Law Division, Bergen County) A class

action consisting of all persons who owned W-body cars with defective rear disc brake caliper pins which tended to corrode, creating both a safety hazard and premature wearing of the front and rear disc brakes, causing extensive economic damage. BLB&G is co-lead counsel in this case where a proposed settlement would provide \$19.5 million to the class for reimbursement of brake repairs.

Rent-A-Center -- (Supreme Court of the State of New York, Bronx County) Deceptive sales and marketing in "rent-to-own" transactions. In this case, BLB&G recently obtained a landmark ruling upholding a rental-purchasers' right to bring suit.

Empire Blue Cross -- (United States District Court, Southern District of New York) Overcharging health care subscribers. BLB&G was lead counsel in a

recently approved \$6.6 million settlement that represented 130% of the class' damages and offered all the overcharged subscribers 100 cents on the dollar repayment.

DoubleClick -- (United States District Court, Southern District of New York). Internet Privacy. A class action on behalf of Internet users who have had personal information surreptitiously intercepted and sent to a major Internet advertising agency. In the settlement agreement reached in this action, DoubleClick commits to a series of industry-leading privacy protections for online consumers while continuing to offer its full range of products and services. This is likely the largest class action there has ever been - virtually every, if not every, Internet user in the United States.

Toxic/Mass Torts

Fen/Phen Litigation ("Diet Drug" Litigation) -- -- (Class action lawsuits filed in 10 jurisdictions including New York, New Jersey, Vermont, Pennsylvania, Florida, Kentucky, Indiana, Arizona, Oregon and Arkansas) The firm played a prominent role in the nationwide "diet drug" or "fen-phen" litigation against American Home Products for the Company's sale and marketing of Redux and Pondimin. The suits allege that a number of pharmaceutical companies produced these drugs which, when used in combination, can lead to life-threatening pulmonary hypertension and heart valve thickening. The complaint alleges that these manufacturers knew of or should have known of the serious health risks created by the drugs, should have warned users of these risks, knew that the fen/phen combination was not approved by the FDA, had not been adequately studied, and yet was being routinely prescribed by physicians. This litigation led to one of the largest class action settlements in history, the multi-billion dollar Nationwide Class Action Settlement with American Home Products approved by the United States District Court for the Eastern District of Pennsylvania. In this litigation, BLB&G was involved in lawsuits filed in the 10 jurisdictions and was designated Class Counsel in the Consolidated New York and New Jersey state court litigations. Additionally, the firm was Co-Liaison Counsel in the New York litigations and served as the State Court Certified Class Counsel for the New York Certified Class to the Nationwide Settlement.

CLIENTS AND FEES

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.

As stated, our client roster includes many large and well known financial and lending institutions and pension funds, as well as privately held corporate entities which are attracted to our firm because of our reputation, particular expertise and fee structure.

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 a retention where our fee is at least partially 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.

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.

The Bernstein Litowitz Berger & Grossmann Public Interest Law Fellowship, 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 Bernstein Litowitz Berger & Grossmann Fellows will be able to leave law school free of any law school debt if they make a long term commitment to public interest law.

Firm sponsorship of *inMotion*, New York, NY. BLB&G is a sponsor of *inMotion*, 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, typically associates at law firms or in-house counsel, who provide *pro bono* counsel to these women. Several members and associates of the firm volunteer their time and energies to help women who need divorces from abusive spouses, or representation on legal issues such as child support, custody and visitation. To read more about *inMotion* and the remarkable services it provides, visit the organization's website at www.inmotiononline.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 of Bernstein Litowitz Berger & Grossmann LLP, and the family and friends of Paul M. Bernstein. Established in 1990, the scholarship 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 fellow students and 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.

THE MEMBERS OF THE FIRM

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

Mr. Berger has litigated many of the firm's most high profile and significant cases. Together, with other partners at the firm, he has obtained five of the largest securities fraud recoveries in history—the \$6.15 billion settlement of *In re WorldCom, Inc. Securities Litigation*, the \$3.2 billion settlement of *In re Cendant Corporation Securities Litigation*, the \$1.3 billion recovery in *In re Nortel Networks Corporation Securities Litigation*, the \$1.03 billion partial settlement of *In re McKesson HBOC, Inc. Securities Litigation*, and the over \$600 million investor recovery in *In re Lucent Technologies, Inc. Securities Litigation*.

Mr. Berger's role in the *WorldCom* case received extensive media attention and has been the subject of feature articles in numerous major publications including *BusinessWeek* and *The American Lawyer*. For their outstanding efforts on behalf of the *WorldCom* Class, *The National Law Journal* profiled Mr. Berger and his partner Sean Coffey (two of only eleven attorneys selected nationwide) in its special June 2005 "Winning Attorneys" section. Additionally, Mr. Berger was featured in the July 2006 *New York Times* article, "A Class-Action Shuffle," which assessed the evolving landscape of the securities litigation arena.

Mr. Berger is widely recognized for his professional excellence and achievements. For the second year in a row, he received the top attorney ranking for the "Litigation—Securities Mainly Plaintiff" category by the *Chambers and Partners' 2007 Guide to America's Leading Lawyers for Business*. The inaugural issue of *Benchmark: The Definitive Guide to America's Leading Litigation Firms & Attorneys* (published by Legal Media Group—*Institutional Investor* and *Euromoney*) singled out Mr. Berger as one of a handful of New York's "local litigation stars." Additionally, he was named a "litigation star" by the 2007 edition of the *US Legal 500*, one of "10 Legal Superstars" by *Securities Law360*, and is consistently named as one of the "500 Leading Lawyers in America" by *Lawdragon* magazine.

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. In May 2006, he was presented with the Distinguished Alumnus Award for his many and varied contributions to Baruch College. Mr. Berger has also been selected as an Advisor to the American Law Institute, Restatement Third of Torts, and he currently serves on the Advisory Board of Columbia Law School's Center on Corporate Governance. Additionally, Mr. Berger has taught Profession of Law, an ethics course at Columbia.

Mr. Berger is a past chairman of the Commercial Litigation Section of the Association of Trial Lawyers of America (now known as the American Association for Justice) and lectures for numerous 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 W. Berger Pre-Law Program at Baruch College.

EDUCATION: Baruch College-City University of New York, 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, Second Circuit; U.S. District Court, District of Arizona; U.S. Supreme Court.

EDWARD A. GROSSMANN, one of the firm's founding partners, served as lead counsel in the *Prudential-Bache Energy Income Limited Partnership* and the *In re Bennett Funding Group* class actions, well-publicized cases which have each settled for in excess of \$120 million.

Mr. Grossmann is a past chairman of the Class and Derivative Action Trials Subcommittee of the Litigation Section of the American Bar Association and a past chairman of the Commercial Litigation Section of the Association of Trial Lawyers of America (now known as the American Association for Justice) and has lectured for that organization. Mr. Grossmann is a member of the Committee of Visitors of the University of Michigan Law School and a member of the Committee of Visitors of the University of Wisconsin Center for Jewish Studies. He is also past President of the JCC on the Palisades and is a past trustee of the UJA Federation of Northern New Jersey.

EDUCATION: University of Wisconsin, B.A., *cum laude*, 1970. University of Michigan Law School, J.D., 1973.

BAR ADMISSIONS: New York; U.S. District Courts for the Southern and Eastern Districts of New York; U.S. Courts of Appeals for the Second, Third, Fifth, Ninth and Eleventh Circuits.

JOHN P. ("SEAN") COFFEY was a Commissioned Officer in the United States Navy before graduating from law school, where he served as a P-3C Orion patrol plane mission commander, an Intern in the Organization for the Joint Chiefs of Staff, and the personal military aide to Vice President George H.W. Bush. After leaving active duty to pursue his legal career, Mr. Coffey continued to serve in the Navy Reserve, where he commanded a P-3C squadron and the Reserve component of the *Enterprise* carrier battle group staff, and served for four years as a Captain in the Office of the Secretary of Defense at the Pentagon. In August 2004, he retired from the Navy after thirty years of uniformed service.

Mr. Coffey served as an Assistant United States Attorney for the Southern District of New York from 1991 to 1995, where he conducted numerous complex fraud investigations and tried many cases to verdict.

Since joining BLB&G in 1998, Mr. Coffey has served as the lead trial attorney in two of the most notable fraud cases ever to go to trial. In April 2005, Mr. Coffey and his BLB&G team completed their prosecution of the *WorldCom* securities class action—a prosecution that yielded a record-breaking recovery for defrauded investors of over \$6.15 billion—by taking the lone non-settling defendant, WorldCom's former auditor Arthur Andersen LLP, to trial. Mr. Coffey's role in the *WorldCom* prosecution was featured in a December 2004 article in *The American Lawyer* entitled "Taking Citi To School" and a November 2005 article in *The American Lawyer* entitled "Breaking The Banks."

In 2002, in another trial against Andersen, this time arising out of the collapse of the Baptist Foundation of Arizona, *BFA Liquidation Trust v. Arthur Andersen LLP*, the largest non-profit bankruptcy in U.S. history, Mr. Coffey obtained a \$217 million settlement, one of the largest amounts ever paid by an accounting firm.

Mr. Coffey currently serves as court-appointed Lead Counsel representing investors in the *Schering-Plough*, *HealthSouth*, *Merck*, *Refco*, and *Delphi* litigations, and copyright holders in the *Premier League v. YouTube* class action.

Mr. Coffey has been profiled in *The Wall Street Journal*, *The American Lawyer*, and *BusinessWeek*, and was featured on "The Wall Street Fix" on PBS' *Frontline*. Mr. Coffey and senior BLB&G partner Max Berger were named two of the 2005 "Winning Attorneys of the Year" by the *National Law Journal*, and the September 2005 issue of *Bloomberg Markets* profiled Mr. Coffey as "Wall Street's New Nemesis."

Prior to joining BLB&G, Mr. Coffey was a litigation partner with Latham & Watkins and an Adjunct Professor of Law at Fordham University. He is actively involved with his alma maters, serving as Vice President of the United States Naval Academy Class of 1978 and a member of the Board of Visitors of the Georgetown University Law Center. He is also a member of the Federal Bar Council (where he is a trustee of the Federal Bar Foundation), the American Bar Association, the Association of the Bar of the City of New York (where he is a member of its Securities Litigation Committee), the New York State Bar Association, the American Association for Justice, and the Public Justice Foundation. Mr. Coffey is also a member of the Board of Directors of The Community Fund of Bronxville, Eastchester, Tuckahoe, Inc., in Westchester County, N.Y.

EDUCATION: United States Naval Academy ("U.S.N.A."), B.S., Ocean Engineering, *with merit*, in 1978. Georgetown University Law Center, J.D., *magna cum laude*, 1987; Articles Editor for the *Georgetown Law Journal*; Order of the Coif; Charles A. Keigwin Award.

BAR ADMISSIONS: New York; U.S. District Courts for the Eastern, Southern and Western Districts of New York; U.S. Courts of Appeals for the Second and Third Circuits; New Jersey.

STEVEN B. SINGER joined BLB&G in 1994. He has been responsible for prosecuting a number of significant and high-profile securities fraud cases. Mr. Singer was one of the lead trial lawyers on the *WorldCom Securities Litigation*, which culminated in a four-week trial against WorldCom's auditors, and resulted in the historic recovery of over \$6.15 billion from the professionals associated with WorldCom. He has also been responsible for, among others, *In re Lucent Technologies Securities Litigation*, which resulted in the fifth largest securities settlement of all time; *In re 3Com Securities Litigation*, at the time the largest securities fraud class action recovery in Ninth Circuit history; and a multi-million dollar private action arising out of the demise of Lernout & Hauspie Speech Products, N.V. He is currently responsible for the Firm's cases against Biovail Corporation, Mills Corporation, and Converium Holding AG, R&G Financial Corp., American Home Mortgage Investment Corporation, MBIA, Inc., among others.

Mr. Singer has also distinguished himself in the firm's other practice areas, securing large recoveries for victims of discrimination and consumer fraud. In 1997, the Trial Lawyers for Public Justice named Mr. Singer as a finalist for "Trial Lawyer of the Year" for his role in the prosecution of the celebrated race discrimination litigation, *Roberts v. Texaco*, which resulted in the largest discrimination settlement in history.

Mr. Singer frequently lectures at the firm's Forum for Institutional Investors and is an active member of the New York State and American Bar Associations. He is also a speaker at various continuing legal education programs offered by the Practising Law Institute ("PLI").

EDUCATION: Duke University, B.A., *cum laude*, 1988. Northwestern University School of Law, J.D., 1991.

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

CHAD JOHNSON is involved in all areas of the firm's litigation practice, with particular emphasis on prosecuting securities fraud actions, complex commercial litigation, patent litigation, and trial practice.

Among other matters, Mr. Johnson was one of the partners who prosecuted the *WorldCom, Inc. Securities Litigation* – resulting in a recovery for investors of over \$6.15 billion after five weeks of trial. Mr. Johnson was primarily involved in dismantling the underwriters' due diligence defense in that case, which helped result in the multi-billion dollar recovery for investors.

Mr. Johnson was also the lead partner who oversaw the prosecution of the *Williams Securities Litigation*. Shortly before trial, BLB&G and the Lead Plaintiffs were able to obtain a total recovery of \$311 million on behalf of investors, including \$21 million from the company's auditor. This is among the largest recoveries ever achieved in a securities class action where the SEC did not obtain any recovery for investors.

Mr. Johnson is leading the firm's prosecution of the securities class action concerning allegations of fraud in Washington Mutual's home loan business. The case is being prosecuted on behalf of Lead Plaintiff, Ontario Teachers' Pension Plan Board, and a class of other investors. The complaint filed by BLB&G on behalf of Ontario Teachers is based on the results of one of the most wide-ranging and fruitful investigations conducted in this practice area. The complaint presents evidence gathered from eighty-nine (89) confidential witnesses and many previously-undisclosed documents obtained through BLB&G's investigation. The U.S. Attorney's Office for the Western District of Washington and a federal grand jury in Seattle are reportedly making use of the facts detailed in BLB&G's complaint in connection with their review of the wrongdoing at WaMu.

Mr. Johnson is also leading the firm's prosecution, along with co-counsel, of numerous patent litigations now pending against major electronics manufacturers including Nikon, Sharp, Samsung, LG.Philips, and others. These patent litigations relate to the technology used to manufacture flat panel displays, including LCD televisions. The revenues defendants are generating using the plaintiff's patented technology is in the billions of dollars per year. This litigation has been featured in an ABC News story, which included interviews with Mr. Johnson and the inventor of the technology.

Mr. Johnson is also overseeing the firm's prosecution of the federal derivative action against the individuals involved in the options backdating scandal at UnitedHealth Group, Inc. BLB&G represents several public pension funds, all of whom are Court-appointed Lead Plaintiffs in the case. Since the initiation of that lawsuit, the company has effectively acknowledged that it engaged in options backdating and the company's Chairman and CEO (and a recipient of hundreds of millions of dollars of apparently backdated stock options), William McGuire, has been forced out of the company because of his involvement in the scandal.

Prior to joining the firm, Mr. Johnson was a partner with Latham & Watkins, where he practiced for ten years. While with Latham & Watkins, he represented investment banks, accounting firms, law firms, boards of directors, patent holders, and both publicly and privately held companies. He has extensive experience in the areas of securities litigation, complex commercial litigation, patent litigation, and international arbitration. He has also handled a variety of matters before federal and state courts, as well as arbitration tribunals both in the United States and abroad, including the International Chamber of Commerce, the London Court of International Arbitration, the Netherlands Arbitration Institute, the Permanent Court of Arbitration, the American Arbitration Association, and JAMS/Endispute.

EDUCATION: University of Michigan, *with high distinction*; Angell scholar. Harvard Law School, *cum laude*; President of Harvard Law School Forum.

BAR ADMISSIONS: Illinois, District of Columbia, New York.

GERALD H. SILK's practice focuses on representing institutional investors on matters involving federal and state securities laws, accountants' liability and the fiduciary duties of corporate officials. He also advises creditors on their rights with respect to pursuing affirmative claims against officers and directors, as well as professionals both inside and outside the bankruptcy context. Additionally, Mr. Silk is one of the partners who oversee the firm's new matter department, in which he, along with a group of financial analysts and investigators, counsels institutional clients on potential legal claims. He was the subject of "Picking Winning Securities Cases," a feature article in the June 2005 issue of *Bloomberg Markets* magazine, which detailed his work for the firm in this capacity. He was also named one of the "100 Securities Litigators You Need to Know," one of America's top 500 "rising stars" in the legal profession and one of the 3000 Leading Plaintiffs' Lawyers in America by *Lawdragon* magazine. Additionally, Mr. Silk was selected for inclusion in the list of 2006, 2007 and 2008 *New York Super Lawyers*. In October of 2008, Mr. Silk was named by *Lawdragon* magazine as one of the "500 Leading Lawyers in America."

Mr. Silk is currently representing Ontario Teachers' Pension Plan in a securities class action against American International Group, Inc. (AIG) which alleges that AIG misled investors by misrepresenting the nature of the Company's massive exposure to the subprime crisis, specifically billions in losses in credit default swaps. Mr. Silk is also leading the prosecution of state securities actions on behalf of bond and preferred stock investors in Citigroup and Merrill Lynch. These cases allege that Citigroup and Merrill Lynch issued securities pursuant to prospectuses that were materially false and misleading in that they misrepresented the value of and exposure to mortgage related and subprime securities as well as exposure arising out of their participation in the auction rate securities market. Mr. Silk is also actively involved in the firm's prosecution of highly successful M&A litigation, representing shareholders in widely publicized lawsuits, including the litigation arising from the proposed acquisition of Caremark Rx, Inc. by CVS Corporation - which led to an increase of approximately \$3.5 billion in the consideration offered to shareholders.

Mr. Silk was one of the principal attorneys responsible for prosecuting the *In re Independent Energy Holdings Securities Litigation*, a case against the officers and directors of Independent Energy as well as several investment banking firms which underwrote a \$200 million secondary offering of ADRs by the U.K.-based Independent Energy. The Independent Energy litigation was resolved for \$48 million. Mr. Silk has also prosecuted and

successfully resolved several other securities class actions, which resulted in substantial cash recoveries for investors, including *In re Sykes Enterprises, Inc. Securities Litigation* in the Middle District of Florida, and *In re OM Group, Inc. Securities Litigation* in the Northern District of Ohio. He was also a member of the litigation team responsible for the successful prosecution of *In re Cendant Corporation Securities Litigation* in the District of New Jersey, which was resolved for \$3.2 billion.

A graduate of the Wharton School of Business, University of Pennsylvania and Brooklyn Law School, in 1995-96, Mr. Silk served as a law clerk to the Hon. Steven M. Gold, U.S.M.J., in the United States District Court for the Eastern District of New York.

Mr. Silk lectures to institutional investors at conferences throughout the country, and has written or substantially contributed to several articles on developments in securities and corporate law, including "The Compensation Game," *Lawdragon*, Fall 2006; "Institutional Investors as Lead Plaintiffs: Is There A New And Changing Landscape?," *75 St. John's Law Review* 31 (Winter 2001); "The Duty To Supervise, Poser, Broker-Dealer Law and Regulation", 3rd Ed. 2000, Chapter 15; "Derivative Litigation In New York after *Marx v. Akers*", *New York Business Law Journal*, Vol. 1, No. 1 (Fall 1997).

EDUCATION: Wharton School of the University of Pennsylvania, B.S., Economics, 1991. Brooklyn Law School, J.D., *cum laude*, 1995.

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

BLAIR A. NICHOLAS has successfully represented numerous institutional investors in high-profile actions involving federal and state securities laws, accountants' liability, and corporate governance matters. He has extensive trial experience, including having served as one of the lead trial counsel in *In re Clarent Corporation Securities Litigation*, a securities fraud class action prosecuted before the Federal District Court for the Northern District of California. After a four week jury trial, in which Mr. Nicholas delivered the closing argument, the jury returned a securities fraud verdict in favor of investors against the former Chief Executive Officer of Clarent.

Mr. Nicholas was one of the principal attorneys responsible for prosecuting the *In re Williams Securities Litigation*, a securities fraud class action that settled shortly before trial for \$311 million. Mr. Nicholas has also prosecuted and successfully resolved a number of high-profile securities class actions, including *In re Informix Securities Litigation*, resolved for \$142 million; *In re Gemstar Securities Litigation*, resolved for \$92.5 million; *In re Legato Systems Securities Litigation*, resolved for \$85 million; *In re Network Associates Securities Litigation*, resolved for \$70 million; and *In re Finova Group Securities Litigation*, resolved for \$42 million.

In 2007, *The American Lawyer* named him one of its "Fab Fifty Young Litigators"—one of the top 50 litigators in the country, 45 and under, who have "made their marks already and whom [they] expect to see leading the field for years to come." Mr. Nicholas was also honored in the *Daily Journal's* January 2007 issue, as being among the "Top 20 Under 40" attorneys in California, "rack[ing] up a string of multi-million dollar victories for investors." In 2008, he was named one of the *San Diego Super Lawyers* and was honored with the selection by *Lawdragon* magazine as one of the "Top 100 Securities Litigators You Need to Know."

Mr. Nicholas has presented at institutional investor conferences throughout the United States and has written articles relating the application of the federal and state securities laws, including the articles "Industry-Wide Collapse Defense Falls Flat in Recent Subprime-Related Securities Fraud Decisions," *Securities Litigation & Regulation Reporter* (2008 WL 2605113, Vol. 14, No. 4, July 1, 2008) (co-author); "Auditor Liability: Institutional Investors Pursue Opt-Out Actions To Maximize Recovery of Securities Fraud Losses," *Securities Litigation and Enforcement Institute* (PLI 2007) (co-author); and "Reforming the Reform Act and Restoring Investor Confidence in the Securities Markets," *Securities Reform Act Litigation Reporter* (Vol. 13, No. 4, July 2002).

Mr. Nicholas served as Vice President on the Executive Committee of the San Diego Chapter of the Federal Bar Association and is an active member of the Association of Business Trial Lawyers of San Diego, Litigation Section of the State Bar of California, and the San Diego County Bar Association. He also served as a member of the Board of Directors of the Child Abuse Prevention Foundation of San Diego. He practices in the firm's California office.

EDUCATION: University of California, Santa Barbara, B.A., Economics. University of San Diego School of Law, J.D.; Lead Articles Editor of the *San Diego Law Review*.

BAR ADMISSIONS: California; U.S. Court of Appeals, Ninth Circuit; U.S. District Courts for the Southern, Central and Northern Districts of California; U.S. District Court for the District of Arizona.

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. He has prosecuted many class and individual actions and has successfully resolved a number of the firm's prominent cases, including, for example, *In re McKesson Securities Litigation*, which settled before trial for a total of \$1.023 billion, the largest settlement amount in history for any securities class action within the Ninth Circuit; *Wyatt v. El Paso Corp.*, which recently settled for \$285 million; *BFA Liquidation Trust v. Arthur Andersen LLP*, which settled during trial for \$217 million; and *In re EMAC Securities Litigation*, which settled on undisclosed terms before trial.

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. Mr. Stickney lectures on securities litigation and shareholder matters for seminars and programs sponsored by professional organizations including the Practising Law Institute and Glasser Legalworks. He has also authored and co-authored several articles concerning securities litigation and class actions. His professional affiliations include the Association of Business Trial Lawyers.

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. Courts of Appeals for the Sixth and Ninth Circuits; U.S. District Courts for the Northern, Southern and Central Districts of California.

SALVATORE J. GRAZIANO, an experienced trial attorney, has taken a leading role in a number of major securities fraud class actions including cases against: (i) Raytheon Company and PricewaterhouseCoopers LLP, total recoveries of \$460 million; (ii) MicroStrategy, Inc. and PricewaterhouseCoopers LLP, total recoveries valued in excess of \$150 million; (iii) i2 Technologies, Inc. and Arthur Andersen LLP, total recovery of \$87.75 million; and (iv) Aetna, Inc., total recovery of \$82.5 million.

Mr. Graziano has litigated cases resulting in favorable decisions for securities investors nationwide, including the seminal Second Circuit decision of *Novak v. Kasaks*, 216 F.3d 300 (2d Cir. 2000), interpreting the pleading standards of the Private Securities Litigation Reform Act of 1995.

Upon graduation from law school, Mr. Graziano served as an Assistant District Attorney in the Manhattan District Attorney's Office. He has over 10 years of securities fraud civil litigation experience. Mr. Graziano has previously served as a member of the Financial Reporting Committee of the Association of the Bar of the City of New York and as a member of the Securities Regulation Committee of the New York City Bar Association. Mr. Graziano has been a panelist on numerous CLE litigation programs.

EDUCATION: New York University College of Arts and Science, B.A., psychology, *cum laude*, 1988. New York University School of Law, J.D., *cum laude*, 1991.

BAR ADMISSIONS: New York; U.S. District Courts for the Southern and Eastern Districts of New York; U.S. Courts of Appeals for the First, Second and Eleventh Circuits.

WILLIAM C. FREDERICKS clerked for the Hon. Robert S. Gawthrop III of the U.S. District Court for the Eastern District of Pennsylvania after law school, and then spent seven years practicing securities and complex commercial litigation as an associate at Simpson Thacher & Bartlett and Willkie Farr & Gallagher before moving to the plaintiffs' side of the bar in 1997.

Mr. Fredericks has represented investors as a lead or co-lead counsel in over two dozen securities class actions, notably *In re Rite Aid Securities Litigation* (E.D. Pa.) (total settlements of \$323 million, including the then-second largest securities fraud settlement ever against a Big Four accounting firm); *In re Sears Roebuck & Co. Securities Litigation* (N.D. Ill.) (\$215 million settlement announced, subject to judicial approval); and *Irvine v. Imclone Systems, Inc.* (S.D.N.Y.) (\$75 million settlement). Mr. Fredericks has also successfully represented several institutional clients (including Mexico's TV Azteca and Australia's Australis Media Group) in private commercial disputes at both the trial and appellate level. See, e.g., *National Broadcasting Co. v. Bear Stearns & Co., et al.*, 165 F.3d 184 (2d Cir. 1999); *News Ltd. v. Australis Holdings Pty. Limited*, 728 N.Y.S. 2d 667 (1st Dep't 2001) and 742 N.Y.S. 2d 190 (1st Dep't 2002).

Mr. Fredericks has been a panelist on a variety of litigation programs sponsored by various organizations, including the Practising Law Institute (PLI) and the American Law Institute/American Bar Association (ALI/ABA). He is a member of the Association of the Bar of the City of New York, and a former chairman of the Association's Committee on Military Affairs and Justice.

EDUCATION: Swarthmore College, B.A., Political Science, high honors, 1983. Oxford University (England), M.Litt., International Relations, 1988. Columbia University, J.D., 1988; three-time Harlan Fiske Stone Scholar; Columbia University International Fellow, Articles Editor of *The Columbia Journal of Transnational Law*; Beck Prize in property law; Toppan Prize in advanced constitutional law.

BAR ADMISSIONS: New York; U.S. District Courts for the Southern and Eastern Districts of New York and the District of Colorado; U.S. Courts of Appeals for the Second, Third, Sixth and Tenth Circuits.

JOHN C. BROWNE was previously an attorney at Latham & Watkins, where he had a wide range of experience in commercial litigation, including defending corporate officers and directors in securities class actions and derivative suits, and representing major corporate clients in state and federal court litigations and arbitrations. Mr. Browne was a member of the team representing the New York State Common Retirement Fund in *In re WorldCom, Inc. Securities Litigation*, which culminated in a five-week trial against Arthur Andersen LLP and a recovery for investors of over \$6.15 billion—the second largest securities fraud recovery in history.

Mr. Browne prosecuted *In re King Pharmaceuticals Litigation*, which settled for \$38.25 million. In March 2008, he achieved a \$28.5 million settlement on behalf of shareholders in *In re SFBC Securities Litigation*. Mr. Browne is currently prosecuting a number of securities and other cases, including *In re Refco Securities Litigation*, in which a partial settlement of \$140 million has been achieved, *In re RAIT Financial Trust Securities Litigation*, and *The Football Association Premier League Limited, et al. v. YouTube, Inc., et al.*

Mr. Browne has been a panelist at various continuing legal education programs offered by the American Law Institute ("ALI") and has published several articles relating to securities litigation. Most recently, Mr. Browne co-authored, along with senior partner Max Berger, "Is the Sky Really Falling on the U.S. Capital Markets?," *The NAPPA Report*, Vol. 21, May 2007, available at www.nappa.org.

EDUCATION: James Madison University, B.A., Economics, *magna cum laude*, 1994. Cornell Law School, J.D., *cum laude*, 1998; Editor of *The Cornell Law Review*.

BAR ADMISSION: New York.

MARK LBOVITCH is primarily responsible for the firm's corporate governance litigation practice, focusing on derivative suits and transactional litigation. Most recently, he represented public pension systems seeking to vindicate shareholder voting rights allegedly infringed by Yahoo!, Inc.'s employee severance plan and by a unique merger agreement provision (the "Election Walkaway") used in the private equity buyout of Ceridian Corporation. He is currently challenging "Poison Put" rights that allegedly coerce an upcoming election at Amylin Pharmaceuticals and the allegedly self-interested termination of a premium acquisition agreement by the CEO of the Landry's Restaurants, Inc. He recently obtained up to \$57 million for shareholders over a year after the closing of the buyout of Dollar General Stores. He has also helped obtain for shareholders higher prices and meaningful

corporate governance improvements in suits arising from, among other things, the hostile takeover battles over Caremark Rx, Inc., CBOT Holdings, Inc., Longs Drug Stores, Inc., and Anheuser-Busch Companies, Inc., and the negotiated acquisition of Commerce Bancorp, Inc.

Mr. Lebovitch is also a member of the firm's subprime litigation team, and in that capacity is currently prosecuting *In re MBIA, Inc. Securities Litigation* and *In re Ambac Financial Group, Inc. Securities Litigation*, *In re Citigroup, Inc. Bondholders Litigation* and *In re Merrill Lynch Bondholders Litigation*.

Mr. Lebovitch clerked for Vice Chancellor Stephen P. Lamb on the Court of Chancery of the State of Delaware, and was a litigation associate at Skadden, Arps, Slate, Meagher & Flom in New York, where he represented clients in a variety of corporate governance, commercial and federal securities matters, including several which went to trial.

Mr. Lebovitch's publications include "'Novel Issues' or a Return to Core Principles? Analyzing the Common Link Between the Delaware Chancery Court's Recent Rulings in Option Backdating and Transactional Cases" (*NYU Journal of Law & Business*, Volume 4, Number 2); "Calling a Duck a Duck: Determining the Validity of Deal Protection Provisions in Merger of Equals Transactions" (2001 *Columbia Business Law Review* 1) and "Practical Refinement" (*The Daily Deal*, January 2002), each of which discussed evolving developments in the law of directors' fiduciary duties. Mr. Lebovitch speaks on a wide range of corporate governance and securities related issues.

EDUCATION: Binghamton University – State University of New York, B.A., *cum laude*, 1996. New York University School of Law, J.D., *cum laude*, 1999.

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

HANNAH GREENWALD ROSS was a prosecutor in the Insurance and Unemployment Fraud Division of the Massachusetts Attorney General's office before joining BLB&G. Prior to that, she was an Assistant District Attorney in the Middlesex County (Massachusetts) District Attorney's office from 1998 to 2000.

Ms. Ross's practice at the firm focuses on securities fraud litigation. Part of the team that successfully prosecuted the securities class action against the Federal Home Loan Mortgage Corporation ("Freddie Mac") resulting in a settlement of \$410 million, she was also a member of the team that litigated the *In re OM Group, Inc. Securities Litigation*, which resulted in a settlement of \$92.4 million.

Ms. Ross is currently prosecuting a number of other securities cases, including *In re The Mills Corporation Securities Litigation*, *In re Delphi Corporation Securities Litigation*, *In re New Century* and *In re Washington Mutual Securities Litigation*.

EDUCATION: Cornell University, B.A., *cum laude*, 1995. Penn State Dickinson School of Law, J.D., 1998; Woolsack Honor Society; Comments Editor of the *Dickinson Law Review*; D. Arthur Magaziner Human Services Award.

BAR ADMISSIONS: Massachusetts, New York.

BEATA GOCYK-FARBER is involved in all areas of the firm's litigation practice, with particular emphasis on securities fraud actions, complex commercial litigation, and trial practice. Additionally, she is in charge of the firm's European business development.

Ms. Gocyk-Farber was a senior member of the litigation and trial team that prosecuted *In re WorldCom, Inc. Securities Litigation*, resulting in a recovery for investors of over \$6.15 billion—the second largest securities fraud recovery in the history of the financial markets. She was also one of the senior lawyers leading the prosecution of *In re Williams Securities Litigation*, which resulted in \$311 million in recoveries for the plaintiffs shortly before trial. This was one of the largest recoveries in a securities class action in which the corporate defendant did not restate its financial results. She is currently a senior member of the team prosecuting *In re HealthSouth Securities Litigation*

and *In re Convergium Securities Litigation*. Ms. Gocyk-Farber also has extensive experience in prosecuting executive compensation cases and is one of the senior lawyers prosecuting the federal derivative action against the individuals involved in the options backdating scandal at *UnitedHealth Group, Inc.*

Prior to joining BLB&G in 2001, Ms. Gocyk-Farber was an associate with Cleary Gottlieb Steen & Hamilton in New York, where she represented large financial institutions and sovereign governments in securities and merger and acquisitions transactions. Ms. Gocyk-Farber is fluent in Polish and has working knowledge of Russian. She is a member of the International Law Section of the American Bar Association.

EDUCATION: Benjamin N. Cardozo School of Law - Yeshiva University, 1997, J.D., *summa cum laude*; Cardozo Law Review; the Order of the Coif; Balkin Scholar; West Publishing Award for Academic Excellence

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

TIMOTHY A. DeLANGE focuses on complex litigation in state and federal courts nationwide. Mr. DeLange is a member of the team prosecuting *In re McKesson Securities Litigation*, together with firm partners Max Berger and David Stickney. In that case, a partial settlement was reached for \$960 million, the largest recovery for securities class-action settlements in courts within the Ninth Circuit.

Mr. DeLange is currently prosecuting a number of other securities cases, including, along with firm partner Blair Nicholas, *In re Accredo Health, Inc. Securities Litigation*. Mr. DeLange also serves as the editor of the firm's quarterly publication, the *Advocate for Institutional Investors*.

Prior to joining the firm, Mr. DeLange practiced complex litigation at Brobeck, Phleger & Harrison LLP. He practices out of the firm's California office.

EDUCATION: University of California, Riverside, B.A., 1994. University of San Diego School of Law, J.D., 1997. Recipient of the American Jurisprudence Award in Contracts, 1994.

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

OF COUNSEL

ELLIOTT J. WEISS, one of America's most highly respected experts in securities and corporate law, joined the firm as Counsel in December 2005 after retiring from his post as the Charles E. Ares Professor of Law at the University of Arizona's Rogers College of Law.

Having spent nearly three decades of commitment to the development of young lawyers at several of the country's finest academic institutions, Professor Weiss has enjoyed a remarkable career teaching, writing and lecturing, having strongly influenced and directed public policy regarding our capital markets.

He has authored and co-authored several seminal texts and over 30 influential articles on securities litigation and corporate law throughout his career. Among his many published works, Professor Weiss was the lead co-author of "Let the Money Do the Monitoring: How Institutional Investors Can Reduce Agency Costs in Securities Class Actions" {104 *Yale L.J.* 2053 (1995)}, which proposed new rules governing the organization of securities class actions. Congress based the lead plaintiff provisions of the Private Securities Litigation Reform Act of 1995 on that article and thus changed dramatically the dynamics of the securities class action litigation process. He recently reviewed the impact of those provisions in "The Lead Plaintiff Provisions After a Decade, or 'Look What's Happened to My Baby,'" forthcoming in the *Vanderbilt Law Review*.

Professor Weiss also was the first Executive Director of the Investor Responsibility Research Center, where he did groundbreaking work on institutional investors' responsibility for corporate governance issues, and has served as a member of the National Adjudicatory Council of NASD-Regulation and as a consultant to the United States' Securities and Exchange Commission.

A member, past and present, of numerous esteemed professional associations, including the American Law Institute, Professor Weiss has been a force for positive change in the legal, financial and business communities, and continues his long career defending the rights of investors and demanding responsible behavior from corporate management.

Professor Weiss resides in Tucson, Arizona and maintains an office at the Rogers College of Law.

EDUCATION: Dartmouth College and Yale Law School, J.D.

BAR ADMISSIONS: California (inactive), New York.

G. ANTHONY GELDERMAN, III heads the firm's Louisiana office and is responsible for the firm's institutional investor and client outreach. He is a frequent speaker at U.S. and European investor conferences and has written numerous articles on securities litigation and asset protection.

Earlier in his career, Mr. Gelderman served as Chief of Staff and General Counsel to the Treasurer of the State of Louisiana, (1992-1996) and prior to that served as General Counsel to the Louisiana Department of the Treasury. Mr. Gelderman also coordinated all legislative matters for the State Treasurer during his tenure with the Treasury Department. Earlier in Mr. Gelderman's legal career, he served as law clerk to U.S. District Judge Charles Schwartz, Jr., Eastern District of Louisiana (1986-1987).

Mr. Gelderman is a former adjunct professor of law at the Tulane Law School where he has taught a course in legislative process. In 1995, Mr. Gelderman was profiled by the American Bar Association in *Barrister* magazine as one of the 25 young lawyers in America making a difference in the legal profession. He is a member of the Louisiana State (Chairman, Young Lawyers Continuing Legal Education Committee, 1990-1993) and American Bar Associations.

BAR ADMISSIONS: Louisiana; U.S. District Courts for the Eastern and Middle Districts of Louisiana.

KURT HUNCIKER's practice is concentrated in complex business and securities litigation. Prior to joining BLB&G, Mr. Hunciker represented clients in a number of class actions and other actions brought under the federal securities laws and the Racketeer Influenced and Corrupt Organizations Act. He has also represented clients in actions brought under intellectual property laws, federal antitrust laws, and the common law governing business relationships.

Mr. Hunciker served as a member of the trial team for the *In re WorldCom, Inc. Securities Litigation* and is currently a member of the teams prosecuting the *In re Biovail Corp. Securities Litigation* and *In re Mutual Funds Securities Litigation*.

EDUCATION: Stanford University, B.A.; Phi Beta Kappa. Harvard Law School, J.D., Founding Editor of the *Harvard Environmental Law Review*.

BAR ADMISSIONS: New York; U.S. District Courts for the Southern, Eastern and Northern Districts of New York; U.S. Courts of Appeals for the Second, Fourth and Ninth Circuits.

BRUCE D. BERNSTEIN has extensive experience prosecuting securities fraud class actions. He has played a significant role in obtaining substantial recoveries on behalf of investors in numerous matters, including *In re Oxford Health Plans, Inc. Securities Litigation* (total recoveries of \$300 million); *In re PNC Financial Services, Inc. Securities Litigation* (total recoveries of \$45.675 million); and *In re Martha Stewart Living Omnimedia, Inc. Securities Litigation* (total recoveries of \$30 million). In addition, he has worked extensively on appeals resulting in favorable decisions for investors, including *In re Cabletron Systems, Inc. Securities Litigation*, 311 F.3d 11 (1st Cir. 2002), in which the First Circuit interpreted the pleading standards of the Private Securities Litigation Reform Act of 1995. At BLB&G, he is a member of the team prosecuting *In re Merck & Co., Inc. Securities Litigation*.

Mr. Bernstein is also active in the community, having served in various leadership positions for several philanthropic organizations, including UJA-Federation of New York (Co-Chair of Young Lawyers) and Seeds of Peace (Co-Chair of the YLC Benefit).

EDUCATION: University of Vermont, B.A., *with honors*, 1994. George Washington University Law School, J.D.

BAR ADMISSIONS: New York; U.S. District Courts for the Southern and Eastern Districts 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 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: Admitted to bar, 1980, New York. 1980, U.S. District Courts for the Southern and Eastern Districts of New York. 1993, U.S. Court of Appeals, Fifth Circuit.

NIKI L. MENDOZA joined the San Diego office in 2002. Since joining the firm, Ms. Mendoza has helped obtain hundreds of millions of dollars in recoveries on behalf of defrauded investors, including her involvement in the *In re El Paso Corp. Securities Litigation*, *In re Symbol Technologies Corp. Securities Litigation*, and *In re Gemstar-TV Guide International, Inc. Securities Litigation*, among others.

Some of Ms. Mendoza's more notable accomplishments include assisting 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 recently 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. Ms. Mendoza also advocates for employee rights, and is currently working to end racial steering through her prosecution of a race discrimination class action lawsuit filed against Bank of America.

Ms. Mendoza co-authored various articles which have been cited in federal court opinions (including *Dura Pharm., Inc. v. Broudo-The Least of All Evils*, 1505 PLI/Corp. 272, 274 (Sept. 2005) and "Dura-Bull: Myths of Loss Causation," 1557 PLI/Corp. 339 (Sept. 2006)). She was also a recent panel speaker at the Securities Litigation & Enforcement Institute 2007, Practising Legal Institute (San Francisco, October 2007). In addition to her practice, she serves as a 2007 Co-Chair of the Steering Committee of the San Diego County Bar Association's Children At Risk committee, a committee that works with schools and children's organizations and coordinates literacy and enrichment programs that rely on attorney volunteers.

Ms. Mendoza served as judicial law clerk to the Honorable Chief Judge Michael R. Hogan of the United States District Court for the District of Oregon from 1998 to 2001 where she received the Distinguished Service Recognition. While serving as Managing Editor for the *Oregon Law Review*, Ms. Mendoza authored "*Rooney v. Kulungoski*, Limiting The Principle of Separation of Powers?"

Before joining BLB&G, Ms. Mendoza represented both plaintiffs and defendants in commercial and employment litigation, practicing in both Hawaii and California. Ms. Mendoza is a member of the State Bar of California and the State Bar of Hawaii (inactive). She practices out of the firm's California Office.

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

BAR ADMISSIONS: Hawaii; California; U.S. District Courts for the Districts of Hawaii, and Northern, Southern, Central and Eastern Districts of California; U.S. Circuit Courts of Appeal for the Fifth, Ninth and Tenth Circuits.

ELIZABETH P. LIN practices out of the firm's California office, where she focuses primarily on complex securities and business litigation.

With over fourteen years of experience litigating shareholder and securities class actions, Ms. Lin has helped to recover millions of dollars on behalf of defrauded investors, with a leading role in numerous high profile cases. Ms. Lin is currently representing major institutional investors in a number of significant securities fraud cases, including *In re Lehman Brothers Holdings Securities Litigation*; *Turnley, et al. v. Bank of America, et al.*, *Fouad v. Isilon Systems, Inc., et al.*, *In re New Century Securities Litigation*, and *In re International Rectifier Corporation Securities Litigation*.

EDUCATION: University of California, Los Angeles, B.A., *magna cum laude*, 1991; Phi Beta Kappa. University of California, Los Angeles, School of Law, J.D., 1994; Moot Court Honors Program; Articles Editor, *Pacific Basin Law Journal*.

BAR ADMISSIONS: California; U.S. District Courts, Central, Northern, Eastern and Southern Districts of California; U.S. Courts of Appeals for the Ninth and Tenth Circuits; U.S. District Court, Western District of Michigan; U.S. District Court for the District of Colorado.

JAI K. CHANDRASEKHAR Prior to joining the firm, Mr. Chandrasekhar was a Staff Attorney with the Division of Enforcement of the United States Securities and Exchange Commission, where he investigated securities law violations and coordinated investigations involving multiple SEC offices and other government agencies.

Before his tenure at the SEC, he was an Associate at Sullivan & Cromwell LLP, where he represented corporate issuers and underwriters in public and private offerings of stocks, bonds, and complex securities and advised corporations on periodic reporting under the Securities Exchange Act of 1934, compliance with the Sarbanes-Oxley Act of 2002, and other corporate and securities matters.

EDUCATION: Yale University, B.A., *summa cum laude*, 1987; Phi Beta Kappa. Yale Law School, J.D., 1997; Book Review Editor of the *Yale Law Journal*.

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

SAMUEL J. LIEBERMAN has extensive experience handling all stages of high-profile securities fraud class actions, including three of the largest in history, *Tyco International Ltd.*; *Lucent Technologies, Inc.* and *Bristol-Myers Squibb Co.* In addition, he has recently handled cutting-edge matters involving the collapse of the subprime mortgage-backed securities market, including the recent litigation and investigations into the collapse of two Bear Stearns hedge funds. He also has focused on complex commercial litigation and trial practice, as well as SEC and U.S. Attorney's Office investigations.

Mr. Lieberman is a member of the Securities Litigation and Trial Practice Committees of the American Bar Association's Litigation Section, and is a member of the New York State Bar Association and the Association of the Bar of the City of New York. In addition, he is a member of the Pro Bono Panel of the U.S. Court of Appeals for the Second Circuit.

Mr. Lieberman's civic activities include serving as a member of the American Technion Society's Leadership Development Committee and the New York Lawyers' Division of the Anti-Defamation League. After graduating law school, he served as a law clerk for Hon. Patricia M. Wald of the U.S. Court of Appeals for the D.C. Circuit, and Hon. Raymond C. Fisher of the U.S. Court of Appeals for the Ninth Circuit. Prior to joining BLB&G, Mr. Lieberman worked at WilmerHale.

EDUCATION: Columbia Law School, 1999, J.D.; Senior Editor, *Columbia Law Review*; Kent Scholar; Stone Scholar. Binghamton University, State University of New York, 1996, B.A.

BAR ADMISSIONS: United States District Court, Southern District of New York; U.S. Courts of Appeals, Second, Third, Fifth and Ninth Circuits.

ASSOCIATES

IAN D. BERG's practice focuses on securities fraud litigation, subprime litigation and derivative claims. Mr. Berg has litigated a number of cases on behalf of public pension funds and shareholders, including *In re Delphi Corp. Securities Litigation* and *In re Tyco International Ltd. Securities Litigation*, which recovered over \$3 billion for harmed shareholders. In addition, Mr. Berg has extensive experience in implementing and managing electronic discovery initiatives.

Mr. Berg currently practices out of the firm's California office.

EDUCATION: Northwestern University, B.A., 1998. Northwestern University School of Law, J.D., 2001.

BAR ADMISSIONS: California; Illinois; Pennsylvania; U.S. District Court, District of Colorado.

JERALD BIEN-WILLNER focuses his practice on complex litigation in federal and state courts nationwide. In particular, Mr. Bien-Willner has significant experience representing public institutional investors in federal securities actions, from the initial case investigation stage through successful resolution.

Prior to joining the firm in 2004, Mr. Bien-Willner was in-house counsel for a real estate holding company where he advised on legal and business matters and participated in a wide range of business litigation.

Mr. Bien-Willner is proficient in Spanish.

EDUCATION: Claremont McKenna College, B.A., *cum laude*, 1997; Dean's List, Claremont McKenna Distinguished Scholar, McKenna Scholar four-year merit scholarship recipient, Outstanding Literature graduate, James E. Rogers College of Law, The University of Arizona, J.D., 2002; Snell and Wilmer Scholar, Moot Court Board, National Moot Court Team, Best Oral Advocate.

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

MICHAEL D. BLATCHLEY's practice focuses on securities fraud litigation. He is currently a member of the firm's new matter department in which he, along with a team of attorneys, financial analysts, forensic accountants, and investigators, counsels the firm's clients on their legal claims.

While attending Brooklyn Law School, Mr. Blatchley held a judicial internship position for the Honorable David G. Trager, United States District Judge for the Eastern District of New York. In addition, he worked as an intern at The Legal Aid Society's Harlem Community Law Office, as well as at Brooklyn Law School's Second Look and Workers' Rights Clinics, and provided legal assistance to victims of Hurricane Katrina in New Orleans, Louisiana.

EDUCATION: University of Wisconsin, B.A., 2000. Brooklyn Law School, J.D., *cum laude*, 2007; Edward V. Sparer Public Interest Law Fellowship, William Payson Richardson Memorial Prize, Richard Elliott Blyn Memorial Prize, Editor for the *Brooklyn Law Review*, Moot Court Honor Society.

BAR ADMISSION: New Jersey.

JOHN M. DIAZ Before earning his law degree, Mr. Diaz served as an Investigator for both the New York State Workers' Compensation Board and the New York State Department of Law, where he investigated Workers' Compensation Law compliance, consumer fraud and claims against the State of New York. His experience also includes representing debtors, creditors and fiduciaries in bankruptcy litigation as an associate at Kaye Scholer. Prior to joining BLB&G, Mr. Diaz served as in-house counsel for a marketing and advertising company, where he advised on legal and business matters.

Mr. Diaz is currently a member of the teams prosecuting the *State Street Bank & Trust Co. ERISA Litigation* and *In re The Mills Corporation Securities Litigation*.

EDUCATION: John Jay College of Criminal Justice, B.A., Political Science, *magna cum laude*, 1995. New York Law School, J.D., *with Honors*, 2002; Articles Editor for the *New York Law School Law Review*.

BAR ADMISSIONS: New York; United States District Court, Eastern District of New York; United States District Court, Southern District of New York.

BENJAMIN GALDSTON primarily focuses on complex securities fraud litigation and corporate governance matters. He practices in the firm's California office. Mr. Galdston participated in prosecuting *In re McKesson Securities Litigation*, together with firm partners Max Berger and David Stickney. In that case, a partial settlement was reached for \$960 million, the largest recovery for securities class-action settlements in courts within the Ninth Circuit. Together with firm partners Max Berger, Sean Coffey, and David Stickney, Mr. Galdston recently represented institutional investors seeking to recover damages in *In re EMAC Securities Litigation*, a case that arose from a private offering of asset-backed securities. Among other cases, Mr. Galdston currently represents a certified class of investors in *In re Retek, Inc. Securities Litigation*, pending in the U.S. District Court for the District of Minnesota. Mr. Galdston also represents the Lead Plaintiff in *In re Stone Energy Corp. Securities litigation*, pending in the U.S. District Court for the Western District of Louisiana, and plaintiffs in *The Football Association*

Premier League Ltd., et al., v. YouTube, Inc. et al., a copyright infringement class action pending in the U.S. District Court for the Southern District of New York.

While in law school, Mr. Galdston competed in national Moot Court tournaments, and directed the University of San Diego School of Law National Criminal Procedure Moot Court Tournament. Following law school, Mr. Galdston represented investors in securities fraud actions at another national law firm.

Previously, Mr. Galdston was the sole proprietor of Litigation Support Systems, where he designed, constructed and maintained relational document databases for small law firms litigating document-intensive cases. He has published several articles concerning practice in the federal courts. He is President of the Greater San Diego Barristers Club and a member of the California Bar Association and the Federal Bar Association.

EDUCATION: University of San Diego School of Law, J.D., 2000; American Trial Lawyers' Association Book Award for Outstanding Scholarship in Appellate Advocacy, American Jurisprudence Award for Property, and the Computer Assisted Learning Institute Award for Excellence.

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

PATRICIA S. GILLANE is the author of "One Moment in Time: The Second Circuit Ponders Choreographic Photography as a Copyright Infringement: Horgan vs. MacMillan." She is a member of the American Bar Association and a former member of the Association of the Bar of the City of New York, where she served on the Professional Responsibility Committee.

Together with firm partners Max Berger and Edward Grossmann, Ms. Gillane successfully prosecuted *In re Bennett Funding Group Litigation* which arose out of the largest Ponzi scheme in history. After years of litigation, the matter settled for a total of over \$165 million.

Most recently, she was a member of the team representing the New York State Common Retirement Fund in *In re WorldCom, Inc. Securities Litigation*, which culminated in a five-week trial against Arthur Andersen LLP and a recovery for investors of over \$6.15 billion—the second largest securities fraud recovery in history.

EDUCATION: Columbia University, B.A., *cum laude*, 1985. Brooklyn Law School, J.D., 1989; Editor of the *Brooklyn Law Review*.

ADMISSIONS: New York; U.S. District Courts, Southern and Eastern Districts of New York.

LAURA H. GUNDERSHEIM has represented institutional investors as a lead or co-lead counsel in a number of class and derivative actions, including cases involving securities fraud, consumer fraud, copyright infringement, and employment discrimination. Most notably, she was an integral part of the team that prosecuted the landmark *In re Walt Disney Derivative Litigation*, which redefined the fiduciary duties of directors in public companies.

She is currently a member of the teams prosecuting *In re The Mills Corporation Securities Litigation*, *In re Comverse Technology, Inc. Derivative Litigation*, *In re Sunrise Senior Living Securities Litigation*, *In re Openwave Securities Litigation*, *In re WellCare Health Plans, Inc. Securities Litigation* and *Fleishman v. Huang et al. Derivative Litigation*.

While in law school, Ms. Gundersheim worked at the Lawyers' Committee for Civil Rights, Health Law Advocates, The Hale & Dorr Legal Services Center and the Tenant Advocacy Project.

Ms. Gundersheim is a member of the New York Bar Association's Consumer Affairs Committee and Trial Lawyers for Public Justice.

EDUCATION: University of California, Los Angeles, B.A., *magna cum laude*, 2001; Phi Beta Kappa. Harvard Law School, J.D., 2004; Founding Member and the Vice-President of the Harvard Advocates for Reproductive Choices; Executive Committee, *Women's Law Journal*.

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

AVI JOSEFSON prosecutes securities fraud litigation for the firm's institutional investor clients, and has participated in many of the Firm's significant representations, including *In re SCOR Holding (Switzerland) AG Securities Litigation*, which resulted in a recovery worth in excess of \$143 million for investors. He was also a member of the team that litigated the *In re OM Group, Inc. Securities Litigation*, which resulted in a settlement of \$92.4 million. Mr. Josefson is also actively involved in the M&A litigation practice, and represented shareholders in the litigation arising from the proposed acquisitions of Ceridian Corporation and Anheuser-Busch. A member of the firm's subprime litigation team, he is currently involved in the securities fraud action arising from the collapse of subprime mortgage lender American Home Mortgage and the actions against Lehman Brothers, Citigroup and Merrill Lynch, arising from those banks' multi-billion dollar loss from mortgage-backed investments. As a member of the firm's new matter department, he counsels institutional clients on potential legal claims. Mr. Josefson has presented argument in several federal and state courts, including an appeal he argued before the Delaware Supreme Court.

Prior to joining BLB&G, Mr. Josefson was a litigation associate at Sachnoff & Weaver in Chicago, where his practice focused on insurance coverage litigation.

EDUCATION: Brandeis University, B.A., *cum laude*, 1997. Northwestern University, J.D., 2000; *Dean's List*; Justice Stevens Public Interest Fellowship (1999); Public Interest Law Initiative Fellowship (2000).

BAR ADMISSIONS: Illinois, New York.

MATTHEW P. JUBENVILLE's practice focuses on complex securities litigation. He was part of the team that successfully prosecuted *In re Williams Securities Litigation*, which resulted in a \$311 million cash settlement against defendants, including \$21 million from Ernst & Young LLP. Currently, Mr. Jubenville is a member of the teams prosecuting *In re Accredo Health, Inc. Securities Litigation*, *In re Dura Pharmaceuticals, Inc. Securities Litigation* and *Turnley et al. v. Bank of America, N.A. et al.*

Mr. Jubenville practices out of the firm's California office.

EDUCATION: University of Colorado, B.A., *with distinction*, Molecular, Cellular and Developmental Biology, 2000; Phi Beta Kappa. University of San Diego School of Law, J.D., 2003; Member, *San Diego Law Review*.

BAR ADMISSIONS: California, U.S. District Court for the Southern District of California.

TAKEO A. KELLAR's practice at the firm focuses on securities fraud, corporate governance and shareholder rights litigation. Mr. Kellar was part of the trial team that successfully prosecuted *In re Clarent Corp. Securities Litigation*, which resulted in a jury verdict in favor of plaintiffs and against the founder and former Chief Executive Officer of Clarent. He was also a member of the team that successfully prosecuted *In re Williams Securities Litigation* resulting in a settlement of \$311 million shortly before trial.

Based in the firm's California office, Mr. Kellar is currently a member of the teams prosecuting *Atlas v. Accredited Home Lenders Holding Co., et al.*, *In re Connetics, Inc. Securities Litigation*, *In re Dura Pharmaceuticals, Inc. Securities Litigation*, *In re Maxim Integrated Products, Inc. Securities Litigation* and *In re New Century Securities Litigation*.

EDUCATION: University of California, Riverside, B.A., *magna cum laude*, 1997; Phi Beta Kappa. University of San Diego School of Law, J.D., 2004, Executive Board Member of the Appellate Moot Court Board.

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

KARINE LOUIS has extensive experience prosecuting a wide variety of patent, securities and commercial litigation. In particular, she has participated in numerous multi-million dollar patent litigations involving Internet technology. Her experience also includes arbitration of securities claims, patent infringement and theft of intellectual property. She is currently a member of the firm's patent litigation team.

EDUCATION: Colgate University, B.A., *magna cum laude*, 1995. Brooklyn Law School, J.D., 2003; Moot Court Honor Society; three-time recipient of the Martin Luther King Scholarship.

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

NOAM MANDEL prosecutes securities fraud, corporate governance and shareholder rights litigation for the firm's institutional investor clients. He has been a member of the litigation teams on several of the firm's recent high profile cases including *In re Nortel Networks Corporation Securities Litigation*, which resulted in a recovery worth in excess of \$1.3 billion in cash and stock, as well as the securities class action against the Federal Home Loan Mortgage Corporation ("Freddie Mac"), in which a \$410 million settlement was obtained for defrauded investors. More recently, he was a member of the team that prosecuted the *Caremark Merger Litigation*, a shareholder class action contesting the terms of a proposed merger between Caremark Rx, Inc. and CVS Corporation on behalf of Caremark's shareholders. The litigation resulted in over \$3 billion in additional consideration being offered to Caremark shareholders by CVS.

Prior to joining BLB&G, Mr. Mandel was a litigation associate at Simpson Thacher & Bartlett LLP, where his practice focused on securities, shareholder and ERISA fiduciary matters. While in law school, Mr. Mandel participated in an exchange program with the University of Leiden, The Netherlands, where he concentrated his studies on international and comparative law.

EDUCATION: Georgetown University, B.S.F.S., 1998. Boston University School of Law, J.D., *cum laude*, 2002; an Editor for the *Boston University Law Review*; recipient of awards in civil procedure, evidence, and international law.

BAR ADMISSIONS: New York; United States District Court, Southern District of New York.

LAUREN A. McMILLEN Following law school, Ms. McMillen served as a law clerk for the Honorable Colleen McMahan, District Court Judge for the Southern District of New York.

Prior to joining the firm in 2007, Ms. McMillen was a litigation associate at Heller Ehrman LLP. She has extensive experience in securities litigation and complex commercial litigation, and has defended various corporations and accounting firms in securities class actions and represented individuals in regulatory investigations before the Securities and Exchange Commission.

Ms. McMillen is currently a member of the teams prosecuting *In re New Century Securities Litigation*, *The Football Association Premier League Limited, et. al. v. YouTube, Inc., et al.*, *In re HealthSouth Bondholder Litigation*, and *In re Converium Holding AG Securities Litigation*.

EDUCATION: Duke University, B.A., History, 1996. University of Pennsylvania Law School, J.D., *cum laude*, 2000; Research Editor for the University of Pennsylvania Law Review.

BAR ADMISSIONS: New York; U. S. District Court, Southern District of New York; U.S. District Court, Eastern District of New York.

BRETT M. MIDDLETON primarily focuses in the areas of corporate transaction and derivative litigation, as well as securities fraud litigation. He has significant trial experience, having worked on the trial team responsible for successfully prosecuting *In re Clarent Corp. Securities Litigation*, which resulted in a jury verdict in favor of plaintiffs and against the founder and former CEO of Clarent Corp.

He has experience prosecuting significant corporate transaction shareholder class action cases. Currently, Mr. Middleton is assisting in prosecuting breach of fiduciary duty claims on behalf of two public pension systems in the *Yahoo!, Inc. Shareholder Litigation* in the Delaware Court of the Chancery. He is also prosecuting the *Longs Drug Stores Corp. Shareholders Litigation* in the Superior Court for the State of California contesting the adequacy of disclosures relating to the acquisition of Longs by CVS Caremark Corporation.

Previously, Mr. Middleton was on the team that successfully prosecuted the *Caremark Merger Litigation*, a shareholder class action in the Delaware Court of the Chancery, contesting the terms of a proposed merger between Caremark Rx, Inc. and CVS Corporation on behalf of Caremark's shareholders. The litigation resulted in over \$3 billion in additional consideration being offered to Caremark shareholders to CVS.

Recently, Mr. Middleton assisted in successfully prosecuting and settling two important derivative stock option backdating cases. In the U.S. District Court for the District of Arizona, he helped bring to a successful conclusion the federal derivative action regarding the options backdating scandal at *Apollo Group, Inc.* which is the parent company of the University of Phoenix. In the Superior Court of the State of California, Mr. Middleton helped successfully conclude the firm's representation of Amalgamated Bank as lead plaintiff against certain officers and directors of *Activision, Inc.* for their alleged role in the backdating of stock options.

In addition, Mr. Middleton has significant experience prosecuting securities fraud class actions. He was on the litigation team responsible for prosecuting *In re Williams Securities Litigation*, which resulted in a \$311 million cash settlement against all defendants. As part of this action, the team engaged in a massive discovery effort which included taking more than 180 depositions and reviewing in excess of 18 million pages of documents. Mr. Middleton was responsible for the prosecution of the case against Ernst & Young for its 2001 audit of Williams Energy Marketing & Trading subsidiary and was instrumental in obtaining a settlement from Ernst & Young in the amount of \$21 million.

Mr. Middleton also assisted in prosecuting the *In re Accredo Health, Inc. Securities Litigation* (U.S. District Court for the Western District of Tennessee) which resulted in a \$33 million settlement. Recently, he helped bring to a close the *In re Dura Pharmaceuticals, Inc. Securities Litigation* (U.S. District Court for the Southern District of California).

Among other matters, Mr. Middleton is currently a member of the teams prosecuting *Atlas v. Accredited Home Lenders Holding Co.* (United States District Court, Southern District of California) as well as the *Morgan Stanley Mortgage Pass-Through Litigation* (Superior Court of California, Orange County).

EDUCATION: University of California, Los Angeles, 1993. University of San Diego School of Law, J.D., 1998.

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

AMY MILLER has extensive experience handling a variety of sophisticated business litigation, ranging from securities, corporate governance, and other complex commercial litigation. In addition, she has participated in a number of securities and corporate governance-related investigations by the SEC, Massachusetts United States Attorney's Office and Illinois United States Attorney's Office. Ms. Miller has also devoted considerable time to *pro bono* activities.

She is currently a member of the teams prosecuting shareholder class actions against Atmel Corporation, Amylin Pharmaceuticals, Inc. and Landry's Restaurants, Inc.

Ms. Miller participated in an externship with the Honorable George B. Daniels of the U.S. District Court for the Southern District of New York. Prior to joining BLB&G, Ms. Miller worked at Cadwalader, Wickersham & Taft LLP.

EDUCATION: Boston University, B.A., *magna cum laude*, 1995. New York Law School, J.D., *summa cum laude*, 2001; Member and Articles Editor, *New York Law School Law Review*; Merit Based Scholarship.

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

JOHN J. MILLS' practice concentrates on Class Action Settlements and Settlement Administration. Mr. Mills also has experience representing large financial institutions in corporate finance transactions.

EDUCATION: Duke University, B.A., 1997. Brooklyn Law School, J.D., *cum laude*, 2000; Member of *The Brooklyn Journal of International Law*; Carswell Merit Scholar recipient.

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

SEAN O'DOWD Prior to joining BLB&G, Mr. O'Dowd was an associate at Latham & Watkins LLP, where his practice focused on trial and appellate litigation, including civil and criminal investigations by the Department of Justice and the SEC. In addition, Mr. O'Dowd litigated on behalf of torture victims seeking asylum in the United States and represented domestic violence survivors in proceedings under the Violence Against Women Act.

Following law school, Mr. O'Dowd served as a judicial law clerk to the Honorable William M. Acker, Jr., Senior United States District Judge, Northern District of Alabama.

EDUCATION: Cornell University, B.A., with distinction in all subjects, 2001. Northwestern University, J.D., *cum laude*, 2005; Senior Editor, *Journal of International Law & Business*; Recipient, Francis Kosmerl Merit Scholarship, Rubinowitz Public Interest Fellowship and Public Service Star Award.

BAR ADMISSIONS: New York; United States District Courts for the Southern and Eastern Districts of New York.

MICHAEL PETRUSIC has experience practicing a wide range of litigation, including complex commercial litigation, intellectual property, and securities enforcement. He has also devoted considerable time to *pro bono* matters.

During law school, Mr. Petrusic served as a summer intern for the Kings County District Attorney's Office in Brooklyn, New York, where he assisted the prosecution of two felony trials as second chair. He was also the managing editor of the *North Carolina Law Review*, which published two of his articles: *Oil and the National Security: CNOOC's Failed Bid to Purchase Unocal*, 84 N.C. L. REV. 1373 (2006) and *Enemy Combatants in the War on Terror and the Implications for the U.S. Armed Forces*, 85 N.C. L. REV. 636 (2007). Prior to attending law school, Mr. Petrusic was a Captain in the U.S. Army. He deployed to Iraq as a member of the 82nd Airborne Division, and was awarded the Bronze Star Medal and the Meritorious Service Medal.

Mr. Petrusic is currently a member of the Board of Directors of "Girl Talk: Read to Achieve," a nonprofit organization that seeks to empower at-risk adolescent girls through the discussion of literature.

EDUCATION: University of Virginia, B.A., *with distinction*, 1999. University of North Carolina School of Law, J.D., *with honors*, 2007; Managing Editor, *North Carolina Law Review*.

BAR ADMISSION: New York

JOHN RIZIO-HAMILTON has extensive experience in civil and criminal litigation. Prior to joining the firm, he clerked for the Honorable Chester J. Straub of the United States Court of Appeals for the Second Circuit. In that capacity, he worked on cases involving an accountant's duty to correct under the Securities Exchange Act of 1934 and a question of first impression regarding class certification under Federal Rule of Civil Procedure 23(b)(3). Prior to clerking for Judge Straub, Mr. Rizio-Hamilton clerked for the Honorable Sidney H. Stein of the United States District Court for the Southern District of New York.

Mr. Rizio-Hamilton is currently a member of the teams prosecuting *In re Affiliated Computer Services, Inc. Derivative Litigation*, *In re RAIT Financial Trust Securities Litigation*, and *Mohammed Al-Beitawi, et al., v. Fremont General Corporation, et al.*

EDUCATION: The Johns Hopkins University, B.A., *with honors*, 1997. Brooklyn Law School, J.D., *summa cum laude*; Editor-in-Chief of the *Brooklyn Law Review*; first-place winner of the J. Braxton Craven Memorial Constitutional Law Moot Court Competition.

BAR ADMISSION: New York.

JEREMY P. ROBINSON has extensive experience in securities and general commercial litigation. Prior to joining BLB&G, Mr. Robinson worked as a litigation associate at major law firm headquartered in Toronto, Canada, during which time he co-authored numerous publications, including one of the first books published regarding Canadian private sector privacy litigation.

In 2000, Mr. Robinson was awarded a Harold G. Fox scholarship and spent a year in London, England working with barristers and judges of the Middle Temple, Inns of Court.

EDUCATION: Queen's University, Faculty of Law in Kingston, Ontario, Canada, LL.B., 1998; graduated within the top 10% of class; Best Brief in the Niagara International Moot Court Competition. Columbia Law School, M.A., 2005; Harlan Fiske Stone Scholar.

BAR ADMISSIONS: Ontario, Canada; New York.

MICHAEL SCHUMACHER's practice at the firm focuses on the institutional investor and client outreach. In particular, he serves as a liaison between the firm and Taft-Hartley benefit fund clients, assisting in their participation and recovery in securities fraud and ERISA class action suits. Prior to joining the firm, Mr. Schumacher worked as a client liaison at Saxena White P.A.

EDUCATION: University of California, Berkeley, B.A. 1997; Phi Kappa Sigma Fraternity. University of Southern California Law Center, J.D., 2000.

BAR ADMISSION: California

KATHERINE McCracken SINDERSON's practice focuses on securities fraud and class action litigation. She is currently a member of the teams prosecuting *In re Washington Mutual, Inc. Securities Litigation*; *Mohammed Al-Beitawi, et al., v. Fremont General Corporation, et al., In re Bristol-Myers Squibb Co. Securities Litigation*, *In re Dollar General*, a shareholder class action pending in Tennessee state court, and *In re Comverse Technology, Inc. Derivative Shareholder Litigation*, the stock options backdating case currently pending in the Eastern District of New York.

EDUCATION: Baylor University, B.A., *cum laude*, 2002. Georgetown University, J.D., *cum laude*, 2006; Dean's Scholar; Articles Editor for *The Georgetown Journal of Gender and the Law*.

BAR ADMISSION: New York.

BOAZ WEINSTEIN's practice focuses on complex commercial litigation. Prior to joining the firm, Mr. Weinstein was an associate at Cleary Gottlieb Steen & Hamilton LLP, where he represented financial institutions, broker-dealers, private equity funds, and other clients in a wide range of commercial litigation, including M&A and securities litigations, securities arbitrations, and other regulatory proceedings. From 2007-2008, Mr. Weinstein served as Secretary of the Securities Litigation Committee for the New York City Bar.

Following law school, Mr. Weinstein clerked for the Honorable Robert P. Patterson, Jr. of the United States District Court in the Southern District of New York and the Honorable Pamela B. Minzner, Chief Justice of New Mexico's Supreme Court.

Mr. Weinstein is currently a member of the teams prosecuting the *In re Merck Securities Litigation*, which arose out of that company's worldwide withdrawal of Vioxx, and *In re Bristol-Myers Squibb Co. Securities Litigation*.

EDUCATION: Harvard University, B.A., 1996; John Harvard Scholarship for Academic Achievement. Columbia Law School, J.D., 2000; Harlan Fiske Stone Scholar for Academic Achievement; NYS Bar Association President's Pro Bono Law Student Award; NYS Bar Association Award for Legal Ethics.

BAR ADMISSIONS: New York, California, New Mexico.

ADAM H. WIERZBOWSKI's practice focuses on securities and patent litigation in state and federal courts.

At BLB&G, Mr. Wierzbowski has litigated a number of cases on behalf of public pension funds against individuals involved in stock options backdating, including *Monster Worldwide*, *Progress Software* and *UnitedHealth*. In addition, he is currently prosecuting patent litigations related to flat panel display and semiconductor technology.

Mr. Wierzbowski is also a member of the teams prosecuting the *Merck Securities Litigation*, which arose out of that company's worldwide withdrawal of Vioxx, and the *Mutual Fund Investment Multi-District Litigation*, which includes Invesco, MFS and Pilgrim Baxter

EDUCATION: Dartmouth College, B.A., *magna cum laude*, 2000. The George Washington University Law School, J.D., *with honors*, 2003; Notes Editor for *The George Washington International Law Review*; Member of the Moot Court Board.

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

JON F. WORM While attending the University of Notre Dame Law School, Mr. Worm served as a staff member for the *Notre Dame Law Review*, worked as a teaching assistant for the first year legal writing program, and served as Vice President of the American Constitution Society for Law and Policy, a leading progressive legal organization.

Prior to joining BLB&G, Mr. Worm served as a law clerk to the Honorable Marilyn L. Huff, United States District Judge for the Southern District of California. Prior to that, he served as a law clerk to the Honorable Federico A. Moreno, United States District Judge for the Southern District of Florida. Mr. Worm also worked as a litigation associate at Mayer Brown LLP in Chicago where he represented plaintiffs and defendants in civil and criminal cases.

Mr. Worm practices out of the firm's California office and focuses on securities fraud litigation

EDUCATION: University of Notre Dame, B.S., *cum laude*, 1997; J.D., *magna cum laude*, 2003.

BAR ADMISSIONS: Illinois, California; U.S. District Court, Eastern District of Wisconsin; U.S. District Court, Central District of California.

EXHIBIT 4

In re Connetics Securities Litigation
TIME REPORT
From Commencement of Action through September 9, 2009
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP

TIMEKEEPER	HOURS	HOURLY RATE	LODESTAR
Partners:			
Max W. Berger	93.25	895.00	83,458.75
John Browne	282.00	650.00	183,300.00
Timothy DeLange	55.50	600.00	33,300.00
Beata Farber	1.50	600.00	900.00
Salvatore Graziano	1	750.00	750.00
Chad Johnson	72.00	750.00	54,000.00
Blair Nicholas	9.00	750.00	6,750.00
Gerald Silk	98.00	750.00	73,500.00
Steven Singer	.50	750.00	375.00
David Stickney	560.75	725.00	406,543.75
Of Counsel:			
Tony Gelderman	30.75	690.00	21,217.50
Senior Counsel:			
Jai Chandrasekhar	26.50	550.00	14,575.00
Niki Mendoza	259.75	550.00	142,862.50
Associates:			
David D. Conklin	343.00	425.00	145,775.00
Ben Galdston	3.50	490.00	1,715.00
Pat Gillane	12.75	470.00	5,992.50
Matthew Jubenville	.25	400.00	100.00
Takeo Kellar	1,133.25	425.00	481,631.25
Noam Mandel	67.00	465.00	31,155.00
Matthew Moehlman	7.50	425.00	3,187.50
Matthew Siben	738.25	490.00	361,742.50
David Thorpe	53.25	450.00	23,962.50
Staff Attorneys:			
Nick Goseland	10.25	350.00	3,587.50
Matthew Jubenville	2.75	350.00	962.50
Elaine White	821.50	390.00	320,385.00
Summer Associate:			
Braden Bennett	33.00	190.00	6,270.00

TIMEKEEPER	HOURS	HOURLY RATE	LODESTAR
Daniel Gorczyca	12.50	310.00	3,875.00
Law Clerk:			
Brett H. Panitz	3.50	190.00	665.00
Kira M. Rubel	3.00	190.00	570.00
Paralegals:			
Dena Bielasz	22.25	250.00	5,562.50
Shirley Chisolm	1.50	220.00	330.00
Sylvana Issa	.75	230.00	172.50
Sam Jones	6.25	230.00	1,437.50
Kaye A. Martin	67.50	250.00	16,875.00
Brandy Roberts	202.25	230.00	46,517.50
Kristina Sousek	382.50	230.00	87,975.00
Case Managers:			
Amanda Figueroa	7.00	275.00	1,925.00
Larry Silvestro	244.50	275.00	67,237.50
Case Analyst:			
Clayton Ramsey	29.25	225.00	6,581.25
Document Clerks:			
Michael Andres	27.75	175.00	4,856.25
Frank Barajas	65.00	175.00	11,375.00
Elizabeth Chapman	12.00	175.00	2,100.00
Robert C. Lopez	6.00	175.00	1,050.00
Michael Maloney	9.75	175.00	1,706.25
Jason A. Padoan	58.25	175.00	10,193.75
Litigation Support:			
Sheron P. Brathwaite	4.50	250.00	1,125.00
Fred Reyes	147.25	240.00	35,340.00
Director of Financial:			
Nick DeFilippis	15.00	425.00	6,375.00
Financial Analysts:			
Kate B. Durant	10.00	250.00	2,500.00
Ben Heiss	34.00	200.00	6,800.00
Amanda Beth Hollis	6.00	275.00	1,650.00
Rochelle Moses	4.50	275.00	1,237.50
Mithun Sahdev	3.00	195.00	585.00

TIMEKEEPER	HOURS	HOURLY RATE	LODESTAR
Investigators:			
Amy Bitkower	154.00	425.00	65,450.00
David Kleinbard	6.50	345.00	2,242.50
Joelle (Sfeir) Landino	131.00	250.00	32,750.00
Interns:			
Vanessa Boone	.25	150.00	37.50
Hannah Harris-Sutro	2.00	150.00	300.00
TOTAL	6,396.25		\$2,835,396.25

EXHIBIT 5

In re Connetics Securities Litigation
SUMMARY REPORT OF EXPENSES PAID OR PAYABLE
From Commencement of Action through September 9, 2009
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP

CATEGORY	EXPENSES
Court Fees	630.00
Service of Process	5,461.40
On-Line Legal Research	37,618.97
On-Line Factual Research	8,760.53
Telephones	274.91
Faxes	2.00
Postage & Express Mail	3,420.01
Hand Delivery Charges	30.00
Working Meals	1,644.50
Internal Copying	9,188.50
Outside Copying	83,297.09
Out-of-Town Travel (<i>see detail below</i>)	18,316.04
Court Reporters and Transcripts	1,073.75
Special Publications	196.98
Staff Overtime	1,702.25
Mediation Fees	23,768.71
Experts	198,127.38
TOTAL BLB&G EXPENSES:	\$393,513.02

DETAIL OF EXPENSES FOR BLB&G OUT-OF-TOWN TRAVEL

<i>Name</i>	<i>Date</i>	<i>Destination</i>	<i>Purpose</i>	<i>Transportation</i>	<i>Hotel</i>	<i>Meals</i>
Chad Johnson	4/2/07- 4/4/07	Oklahoma City, OK	Participate in meeting with Lead Plaintiff	\$1,831.43	\$480.50	\$201.17
Takeo Kellar	10/18/07- 10/19/07	San Francisco, CA	Prepare for and attend motion to dismiss and motion to strike hearing	\$520.80	\$404.70	
David Stickney	10/18/07- 10/19/07	San Francisco, CA	Prepare for, attend and argue motion to dismiss and motion to strike hearing	\$445.68	\$477.66	\$297.42
Matthew Siben	10/18/07- 10/19/07	San Francisco, CA	Prepare for, attend and argue to dismiss and	\$374.43	\$404.70	\$47.53

			motion to strike hearing [include			
David Stickney	8/13/08-8/14/08	San Francisco, CA	Prepare for and travel to/from scheduled hearing on motion to dismiss and motion to strike	\$473.00	\$376.82	\$38.01
Matthew Siben	8/13/08-8/14/08	San Francisco, CA	Prepare for and travel for scheduled hearing on motion to dismiss and motion to strike	\$216.50		\$8.71
David Stickney	11/14/08	San Francisco, CA	Prepare for and participate in Case Management Conference	\$498.00		\$35.88
David Stickney	1/4/09-1/7/09	Oklahoma City, OK	Depositions of Lead Plaintiff representatives	\$1,094.33	\$881.55	\$85.41
Matthew Siben	3/1/09-3/2/09	San Francisco, CA	Prepare and participate in Mediation	\$512.20	\$345.35	\$15.01
David Stickney	2/28/09-3/2/09	San Francisco, CA	Prepare and participate in Mediation; meeting with Lead Plaintiff	\$489.20	\$690.70	\$383.13
Max Berger	3/1/09-3/3/09	San Francisco, CA	Prepare and participate in Mediation	\$1,708.20	\$433.37	
David Kinney (lead plaintiff representative)	3/1/09-3/3/09	San Francisco, CA	Prepare and participate in Mediation; meeting with Lead Counsel		\$440.80	
Takeo Kellar	5/10/09-5/11/09	San Francisco, CA	Prepare for and attend class certification hearing and Case Management Conference	\$489.20	\$299.15	\$96.57
Matthew Siben	5/10/09-5/11/09	San Francisco, CA	Prepare for and attend class certification	\$515.20	\$299.15	\$9.50

			hearing and Case Management Conference			
David Stickney	5/10/09-5/12/09	San Francisco, CA	Prepare for and attend class certification hearing and Case Management Conference; follow-up regarding same	\$428.20	\$616.30	\$231.28
David Stickney	7/15/09-7/17/09	San Francisco, CA	Prepare for and attend hearing on motion for preliminary approval	\$528.70	\$332.21	\$58.39
Travel Agent Cancellation Fees	10/31/08, 1/17/09, 6/4/09, 6/4/09	San Francisco, CA; New York, NY; San Francisco, CA; San Francisco, CA	Hearings and depositions continued or cancelled	\$200.00 (\$50.00 x 4)		

EXHIBIT 6

1 BARRACK RODOS & BACINE
STEPHEN R. BASSER (121590)
2 sbasser@barrack.com
3 SAMUEL M. WARD (216562)
sward@barrack.com
4 600 West Broadway, Suite 900
San Diego, CA 92101
5 Telephone: (619) 230-0800
6 Facsimile: (619) 230-1874

7
8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

11 In re CONNETICS SECURITIES
12 LITIGATION.

Case No. C 07-02940 SI

13 This Document Relates To:

14 ALL ACTIONS.

15 DECLARATION OF STEPHEN R.
16 BASSER FILED ON BEHALF OF
17 BARRACK RODOS & BACINE IN
18 SUPPORT OF APPLICATION FOR
19 AWARD OF ATTORNEYS' FEES AND
20 EXPENSES

21 DATE: October 9, 2009
22 TIME: 9:00 a.m.
23 COURTROOM: 10
24 JUDGE: Hon. Susan Illston

1 I, STEPHEN R. BASSER, declare as follows:

2 1. I am a partner with the law firm of BARRACK, RODOS & BACINE. I am
3 submitting this declaration in support of the application for an award of attorneys' fees and
4 expenses in connection with services rendered in the above-entitled action.

5 2. My firm performed work in this case under the direction and supervision of Lead
6 Counsel Bernstein Litowitz Berger & Grossmann LLP.

7 3. With respect to the standing of counsel in this case, attached hereto as Exhibit
8 "A" is a brief biography of my firm and the attorneys of my firm who worked on this litigation..

9 4. The total number of hours spent on this litigation by my firm is **1,067.75** hours.
10 The total lodestar amount for attorney/paralegal time based on the firm's current rates is
11 **\$486,345.00**. The hourly rates used are the usual and customary rates charged for each
12 individual in all of our cases.

13 5. My firm incurred a total of **\$5,176.21** in expenses in connection with the
14 prosecution of this litigation. They are broken down as follows:

15 ***EXPENSES***

16 From Inception to September 8, 2009

<i>EXPENSE CATEGORY</i>	<i>TOTAL</i>
Courts Fees	\$52.23
Service of Process	
PSLRA Notice Costs	
On Line Legal Research	\$2,399.06
On Line Factual Research	
Telephone	\$539.48
Faxes	
Postage & Express Mail	
Hand Delivery Charges (Courier)	\$39.77
Local Transportation	

EXHIBIT A

BIOGRAPHY OF BARRACK, RODOS & BACINE

Barrack, Rodos & Bacine is extensively involved in complex class action litigation, including securities, antitrust and RICO matters, representing both plaintiffs and defendants. The Firm has significant leadership positions in complex litigation, having been appointed by courts as lead counsel in numerous class actions throughout the United States, including those brought pursuant to the provisions of the Private Securities Litigation Reform Act.

Among the many securities law, derivative and fiduciary duty cases where the Firm has been appointed lead counsel are the following:

In re American International Group Inc. 2008 Securities Litigation, Master File No. 08-CV-4772-LTS, before the Honorable Laura Taylor Swain in the Southern District of New York;

In re WorldCom, Inc. Securities Litigation, Master File No. 02-Civ-3288 (DLC), before the Honorable Denise L. Cote in the Southern District of New York;

In re Cendant Corporation Litigation, Master File No. 98-1664 (WHW), before the Honorable William H. Walls in the District of New Jersey;

In re Apollo Group, Inc. Securities Litigation, Master File No. CV 04-2147-PHX-JAT, before the Honorable James A. Teilborg in the District of Arizona;

In re Merrill Lynch & Co., Inc. Securities, Derivative & ERISA Litigation, Master File No. 07-cv-9633 (LBS)(AJP)(DFE), before the Honorable Leonard B. Sand in the Southern District of New York;

In re McKesson HBOC, Inc. Securities Litigation, No. C-99-20743-RMW, before the Honorable Ronald M. Whyte in the Northern District of California;

Waldrep v. ValueClick, Inc., et al., Case No. 07-05411 DDP (AJWx), before the Honorable Dean D. Pregerson in the Central District of California;

In re The Mills Corporation Securities Litigation, Civil Action No. 1:06-77 (GBL), before the Honorable Liam O'Grady in the Eastern District of Virginia;

Exhibit A

In re R & G Financial Corp. Securities Litigation, No. 05 cv 4186, before the Honorable John E. Sprizzo in the Southern District of New York;

In re Bridgestone Securities Litigation, Master File No. 3:01-0017, before the Honorable Robert L. Echols in the Middle District of Tennessee;

In re Daimler Chrysler Securities Litigation, No. 00-0993, before the Honorable Joseph J. Farnan, Jr. in the District of Delaware;

In re Schering-Plough Securities Litigation, Master File No. 01-CV-0829 (KSH/RJH), before the Honorable Katherine Hayden in the District of New Jersey;

In re Chiron Shareholder Deal Litigation, Case No. RG 05-230567, before the Honorable Robert B. Freedman in the California Superior Court for Alameda County;

In re AOL Time Warner Shareholder Derivative Litigation, Master File No. 02-CV-6302 (SWK), before the Honorable Shirley Wohl Kram in the Southern District of New York;

In re Apple Computer, Inc., Derivative Litigation, Lead Case No. 1:06CV066692, before the Honorable Joseph H. Huber in the Superior Court of the State of California, County of Santa Clara;

In re Computer Sciences Corporation Derivative Litigation, Lead Case No.: 06-CV-5288 MRP (Ex), before the Honorable Mariana R. Pfaelzer in the Central District of California;

Dennis Rice v. Lafarge North America, Inc., et al., Civil No. 268974-V, before the Honorable Michael D. Mason in the Circuit Court for Montgomery County, Maryland;

In re Monster Worldwide, Inc., Master Docket No. 1:06-cv-04622, before the Honorable Naomi Reice Buchwald in the Southern District of New York;

In re Quest Software, Inc. Derivative Litigation, Lead Case No. 06-cv-751 Doc(Rnbx), before the Honorable David O. Carter in the Central District Of California, Southern Division;

In re Verisign, Inc. Derivative Litigation, Master File No.: C-06-4165-PJH, before the Honorable Phyllis J. Hamilton in the Northern District of California;

In re Seibel Systems, Inc. Securities Litigation, Master File No. 3:04-cv-00983-CRB, before the Honorable Charles R. Breyer in the Northern District of California;

In re Sunbeam Securities Litigation, No. 98-8258-CIV-MIDDLEBROOKS, before the Honorable Donald M. Middlebrooks in the Southern District of Florida;

In re Applied Micro Circuits Corp. Securities Litigation, No. 01-CV-0649-K (AJB), before the Honorable Judith N. Keep in the Southern District of California;

Jason Stanley, et al. v. Safeskin Corporation, et al., Lead Case No.: 99cv0454-BTM (LSP), before the Honorable Barry Ted Moskowitz in the Southern District of California;

In re Hi/Fn, Inc. Securities Litigation, Master File No. C-99-4531-SI , before the Honorable Susan Illston in the Northern District of California;

In re Theragenics Corp. Securities Litigation, No. 1:99-CV-0141 (TWT), before the Honorable Thomas W. Thrash in the Northern District of Georgia, Atlanta Division;

Bell, et al. v. Fore Systems, Inc., et al., Civil Action No. 97-1265, before the Honorable Robert J. Cindrich in the Western District of Pennsylvania;

In re Envoy Corp. Securities Litigation, Civil Action No. 3-98-00760, before the Honorable John T. Nixon in the Middle District of Tennessee, Nashville Division;

In re Paradyne Networks, Inc. Securities Litigation, Case No. 8:00-CV-2057-T-17E, before the Honorable Elizabeth A. Kovachevich in the Middle District of Florida, Tampa Division;

In re Ford Motor Co. Securities Litigation, No. 00-74233, before the Honorable Avern Cohn in the Eastern District of Michigan, Southern Division;

Smith v. Harmonic, Inc., et al., No. C-00-2287 PJH, before the Honorable Phyllis J. Hamilton in the Northern District of California;

Smith, et al. v. Electronics For Imaging, Inc., et al., No. C-97-4739-CAL, before the Honorable Charles A. Legge in the Northern District of California; and

Allan Zishka, et al. vs. American Pad & Paper Company, et al., Civil Action No. 3:98-CV-0660-D, before the Honorable Sidney A. Fitzwater in the Northern District of Texas, Dallas Division.

The firm has also been appointed lead counsel or to the leadership group in many antitrust law class action cases including:

In re New Jersey Title Insurance Litigation, Case No. 2:08-cv-01425-PGS-ES, before the Honorable Peter G. Sheridan in the District of New Jersey;

In re Automotive Paint Refinishing Antitrust Litigation, MDL No. 1426, before the Honorable R. Barclay Surrick in the Eastern District of Pennsylvania;

In re Publication Paper Antitrust Litigation, Docket No. 3:04 MD 1631 (SRU), before the Honorable Stefan R. Underhill in the District of Connecticut;

In re Flat Glass Antitrust Litigation, Master Docket Misc. No. 970550, MDL No. 1200, before the Honorable Donald E. Ziegler in the Western District of Pennsylvania;

Thomas & Thomas Rodmakers, Inc. v. Newport Adhesives and Composites, Inc., et al., No. CV-99-07796-GHK(Ctx), before the Honorable Florence Marie Cooper in the Central District of California, Western Division;

Brookshire Brothers, Ltd., et al. v. Chiquita Brands International, Inc., et al., Lead Case No. 05-21962-Cooke/Brown, before the Honorable Marcia G. Cooke in the Southern District of Florida, Miami Division;

In re Citric Acid Antitrust Litigation, Master File No. 95-2963, before the Honorable Charles A. Legge in the Northern District of California;

In re Graphite Electrodes Antitrust Litigation, Master File No. 97-CV-4182 (CRW), before the Honorable Charles R. Weiner in the Eastern District of Pennsylvania;

In re Sorbates Antitrust Litigation, Master File No. C 98-4886 MCC, before the Honorable William H. Orrick, Jr. in the Northern District of California;

The Firm has extensive experience in trying to a jury nationwide class actions: *In re WorldCom, Inc. Securities Litigation*, Master File No. 02-Civ-3288 (DLC) (Southern District of New York) (2005 jury trial against accounting firm Arthur Andersen); *In re Apollo Group, Inc. Securities Litigation*, Master File No. CV-04-2147-PHX-JAT (District of Arizona) (jury verdict for the full amount per share requested, which in the aggregate could exceed \$200 million, now on appeal after judgment as a matter of

law granted); *Gutierrez v. Charles J. Givens Organization, et al.*, Case No. 667169 (Superior Court of California, County of San Diego) (jury verdict in excess of \$14 million for plaintiff consumer class); *In re Control Data Corporation Securities Litigation*, 933 F.2d 616 (8th Cir. 1991); *Gould v. Marlon*, CV-86-968-LDG (D. Nev.) (jury verdict for plaintiff class); *Herskowitz v. Nutri/System, et al.*, 857 F.2d 179 (3rd Cir. 1988); and *Betanzos v. Huntsinger*, CV-82-5383 RMT (C.D. Cal.) (jury verdict for plaintiff class).

Leonard Barrack, senior partner in Barrack, Rodos & Bacine, is a graduate of Temple University Law School (J.D. 1968) where he was Editor in Chief of the Temple Law Reporter. Mr. Barrack has been practicing in the area of securities class and derivative actions, and corporate litigation generally, for more than 35 years, during which time he has analyzed laws and provided advice on issues relevant to pension fund boards of trustees. He was admitted to the bar of the Supreme Court of Pennsylvania in 1969, and is also a member of the bars of the U.S. Supreme Court, the U.S. Court of Appeals for the Third Circuit, the U.S. District Court for the Eastern District of Pennsylvania, and other federal circuit courts.

Mr. Barrack was appointed co-lead counsel in *In re WorldCom, Inc. Securities Litigation*, before the Honorable Denise L. Cote in the Southern District of New York. As counsel in *WorldCom*, Mr. Barrack was responsible for guiding both the vigorously prosecuted litigation – including the four-week trial against Arthur Andersen – as well as negotiating the ground-breaking settlements totaling more than \$6.13 billion with WorldCom’s underwriters, its outside directors, and Arthur Andersen, in the midst of trial. He was also co-lead counsel in *In re Cendant Corporation Litigation*, before the Honorable William H. Walls in the District of New Jersey, at \$3.1 billion, the third largest securities class action settlement in history; *In re McKesson HBOC, Inc. Securities Litigation*, before the Honorable Ronald M. Whyte in the Northern District of California, which settled for \$1.0425 billion; *In re Sunbeam Securities Litigation*, before the Honorable Donald M. Middlebrooks in the Southern District of Florida, among many others.

Mr. Barrack has had extensive trial and deposition experience in complex actions including the successful trial of derivative lawsuits under Section 14(a) of the Securities Exchange Act of 1934; *Gladwin v. Medfield*, CCH Fed. Sec. L. Rep. ¶95,012 (M.D. Fla. 1975), *aff'd*, 540 F.2d 1266 (5th Cir. 1976); *Rafal v. Geneen*, CCH Fed. Sec. L. Rep. ¶93,505 (E.D. Pa. 1972). In addition, Mr. Barrack has lectured on class actions to sections of the American and Pennsylvania Bar Association and is the author of Developments in Class Actions, The Review of Securities Regulations, Volume 10, No. 1 (January 6, 1977); Securities Litigation, Public Interest Practice and Fee Awards, Practising Law Institute (March, 1980).

Gerald J. Rodos, partner in Barrack, Rodos & Bacine, is a graduate of Boston University (B.A. 1967) and an honor graduate of the University of Michigan Law School (J.D. Cum Laude 1970). Mr. Rodos has been practicing in the area of securities class and derivative actions, and corporate litigation generally, for more than 35 years, during which time he has analyzed laws and provided advice on issues relevant to pension fund boards of trustees. He was admitted to the bar of the Supreme Court of Pennsylvania in 1971, and is also a member of the bars of the Supreme Court of the United States, the U.S. Court of Appeals for the Third Circuit, the U.S. District Court for the Eastern District of Pennsylvania, and other federal circuit courts.

Mr. Rodos has been appointed lead counsel, *inter alia*, in *Payne, et al. v. MicroWarehouse, Inc., et al.*, before the Honorable Dominic J. Squatrito in the District of Connecticut; *In re Sunbeam Securities Litigation*, pending before the Honorable Donald M. Middlebrooks in the Southern District of Florida; *In re Regal Communications Securities Litigation*, before the Honorable James T. Giles in the Eastern District of Pennsylvania; *In re Midlantic Corp. Shareholders Securities Litigation*, before the Honorable Dickinson R. Debevoise in the District of New Jersey; *In re Craftmatic Securities Litigation*, before the Honorable Joseph L. McGlynn, Jr. in the Eastern District of Pennsylvania; *In re New Jersey Title Insurance Litigation*, Case No. 2:08-cv-01425-PGS-ES, before the Honorable Peter G. Sheridan in the District of New Jersey; *In re Automotive Refinishing Paint Antitrust Litigation*, Case No. 2:01-cv-02830-RBS, before the Honorable R. Barclay

Surrick in the Eastern District of Pennsylvania; and *In re Publication Paper Antitrust Litigation*, Docket No. 3:04 MD 1631 (SRU), before the Honorable Stefan R. Underhill in the District of Connecticut, among many others. Mr. Rodos also represented the lead plaintiff in the *WorldCom* litigation.

Mr. Rodos is the co-author of Standing To Sue Of Subsequent Purchasers For Antitrust Violations -- The Pass-On Issue Re-Evaluated, 20 S.D.L. Rev. 107 (1975), and Judicial Implication of Private Causes of Action; Reappraisal and Retrenchment, 80 Dick. L. Rev. 167 (1976).

Daniel E. Bacine, partner in Barrack, Rodos & Bacine, is a graduate of Temple University (B.S. 1967) and of Villanova University School of Law (J.D. 1971), where he was an Associate Editor of the Law Review and a member of the Order of the Coif. Mr. Bacine has been practicing in the area of securities class and derivative actions, and corporate litigation generally, for more than 30 years, during which time he has analyzed laws and provided advice on issues relevant to pension fund boards of trustees. He was admitted to the bar of the Supreme Court of Pennsylvania in 1971, and is also a member of the bars of the U.S. Court of Appeals for the Third Circuit and the U.S. District Court for the Eastern District of Pennsylvania.

Mr. Bacine is an experienced civil litigator in both the federal and state courts, having tried jury and non-jury securities and other commercial cases, including cases involving disputes between securities brokerage firms and their customers. He has been lead or co-lead counsel in various class actions, including, *inter alia*, *In re American Travellers Corp. Securities Litigation*, in the Eastern District of Pennsylvania; *Kirschner v. CableTel Corp.*, in the Eastern District of Pennsylvania; *Lewis v. Goldsmith*, in the District of New Jersey; *Crandall v. Alderfer* (Old Guard Demutualization Litigation), in the Eastern District of Pennsylvania; and *Rieff v. Evans* (Allied Mutual Demutualization Litigation) in the District Court of Polk County, Iowa.

William J. Ban, partner in Barrack, Rodos & Bacine, is a graduate of Brooklyn Law School (J.D. 1982) and Lehman College of the City University of New

York (A.B. 1977). Over the past twenty-five years, Mr. Ban's practice of law has focused on securities, antitrust and consumer class action litigation on behalf of plaintiffs and he has participated as lead or co-lead counsel, on executive committees and in significant defined roles in scores of major class action litigations in federal and state courts throughout the country, including, more recently, *In re WorldCom, Inc. Securities Litigation*, Master File No. 02-Civ-3288 (DLC), before the Honorable Denise L. Cote in the Southern District of New York, and *In re Automotive Refinishing Paint Antitrust Litigation*, MDL Docket No. 1426, before the Honorable R. Barclay Surrick in the Eastern District of Pennsylvania. Mr. Ban is admitted in New York and Pennsylvania and is a member of the New York City Bar Association and the New York State Bar Association.

Stephen R. Basser, partner in Barrack, Rodos & Bacine, is a graduate of the American University, Washington D.C. (1973, B.A., English Literature with Honors) and Temple University School of Law, Philadelphia, Pennsylvania (1976, J.D., *cum laude*), where he was awarded the honor of "Highest Grade and Distinguished Class Performance" by its nationally renowned clinical trial litigation program. Mr. Basser, the head of our San Diego, California, office, has been practicing in the area of securities class and derivative actions, and corporate litigation generally, for over 32 years, during which time he has analyzed laws and provided advice on issues relevant to pension fund boards of trustees. He was admitted to the bars of the Supreme Court of Pennsylvania in 1976, and the Supreme Court of California in 1985. He is also a member of the bars of a number of federal circuit courts of appeal and district courts.

Mr. Basser is an experienced civil litigator in federal and state courts and has successfully tried numerous civil jury and non-jury cases to verdict. In addition to litigating product liability, medical malpractice, catastrophic injury, mass toxic tort and complex business disputes, Mr. Basser has extensive experience prosecuting securities class actions, including actions against Pfizer, Inc., Procyte Corp., Wall Data Corp., Louisiana-Pacific Corp., Samsonite Corp., TriTeal Corp., Sybase, Inc., Silicon Graphics, Inc., Orthologic Corp., Adobe, PeopleSoft, Inc., Safeskin Corp., Bridgestone Corp., Harmonic, Inc., 3Com Corp., Dignity Partners, Inc., Daou, Simulation Sciences, Inc., and

Informix Corporation. Mr. Bassar represented lead plaintiff the Florida State Board of Administration in *In re Applied Micro Circuits Corp. Securities Litigation*, Lead Case No. 01-cv-0649-K (AJB), which settled for \$60 million, one of the largest recoveries in a securities class action in the Southern District of California since passage of the PSLRA. He also acted as co-lead counsel for lead plaintiff the NYSCRF in *In re McKesson HBOC, Inc. Securities Litigation*, Master File No. CV-99-20743 RMW, which settled for a total of \$1.0425 billion from all defendants.

Mr. Bassar was the lead attorney in *In re Chiron Shareholder Deal Litigation*, Case No. RG 05-230567, before the Honorable Robert B. Freedman in the California Superior Court for Alameda County, in which an outstanding result was achieved for the shareholder class, securing a settlement valued in excess of \$800 million. Mr. Bassar was the lead trial attorney in *In re Apollo Group Inc. Securities Litigation*, Master File No. CV-04-2147 PHX-JAT (District of Arizona), before the Honorable James A. Teilborg, which was tried to a federal jury from November 2007 until the jury returned a unanimous verdict for investors on January 16, 2008.

Mr. Bassar has prosecuted, as a lead counsel, derivative shareholder actions on behalf of and for the benefit of nominal corporate entities such as Pfizer, Apple, Nvidia and Quest, achieving significant corporate governance therapeutics on behalf of those entities.

Mr. Bassar is also vigorously pursuing the rights of the elderly, serving as a co-lead counsel in actions against insurance companies that target senior citizens in the sale of deferred equity — indexed annuities.

Mr. Bassar has shared his knowledge of securities litigation and corporate governance with the nation's institutional investors by publishing articles in the BR&B Bulletin such as "*Study Says Class Actions NOT Out of Control*" Volume 8, Spring 2004; "*Court Protects Institutional Lead Plaintiff From Unreasonable Discovery In Securities Class Actions*," Volume 7, Fall 2003; "*Court Approves 'Exceptional' Safeskin Settlement: Institutional Lead Plaintiff Commended*" Volume 7, Fall 2003; "*The Sarbanes-Oxley Act of 2002: A Good Start for Investors*" Volume 5, Fall 2002; "*California Court Closes Major*

Loophole in State Securities Laws" Volume 1, 2002; and "*Samsonite Settles Securities 'Baggage'*" Volume 1 Second Quarter 2000.

Mr. Bassler has also been selected by his peers and jurists as one of the nation's "100 Lawyers You Need to Know in Securities Litigation" as reported by Lawdragon Lawyers Profiles and Legal News.

Chad A. Carder, an associate in Barrack, Rodos & Bacine is an honors graduate of The Ohio State University (B.A. Political Science 1999), and College of William and Mary, Marshall-Wythe School of Law (J.D. 2002), where he was a Graduate Research Fellow and served on the William and Mary Moot Court Board. From 2002 to 2003, Mr. Carder served as the law clerk to the Honorable Michael J. Hogan of the New Jersey Superior Court.

Mr. Carder concentrates his practice on federal securities class action litigation, is experienced in representing both institutional investor plaintiffs and individual defendants, and has been a member of the teams that have litigated major securities class actions to their landmark conclusions. Representative cases include: *In re WorldCom, Inc. Securities Litigation*, Master File No. 02-Civ-3288 (DLC), before the Honorable Denise L. Cote in the Southern District of New York; *In re Schering-Plough Securities Litigation*, Master File No. 01-CV-0829 (KSH/RJH), before the Honorable Katherine Hayden in the District of New Jersey; *In re The Loewen Group Inc. Securities Litigation*, Case No. 2:98-cv-06740-TON, before the Honorable Thomas N. O'Neill, Jr., in the Eastern District of Pennsylvania; *Mould v. PainCare Holdings, Inc. et al.*, Case No. 6:06-cv-362-Orl-28DAB, before the Honorable John Antoon II in the Middle District of Florida; *Pennsylvania Public School Employees' Retirement System v. Qwest Communications International, Inc. et al.*, Civil Action No. 1:06-cv-01788-REB, before the Honorable Robert E. Blackburn in the District of Colorado; *In re Royal Ahold Securities & "ERISA" Litigation*, Case No. 1:03-MD-01539-CCB, before the Honorable Catherine C. Blake in the District of Maryland; *Eastwood Enterprises, LLC v. Farha, et al.*, Case No. 8:07-cv-1940-T-33EAJ, before the Honorable Virginia M. Hernandez Covington in the Middle District of Florida; *Waldrep v. ValueClick, Inc. et al.*, Case No. 2:07-cv-05411-DDP-AJW, before the

Honorable Dean D. Pregerson in the Central District of California; *In re RAIT Financial Trust Securities Litigation*, Master File No. 2:07-cv-03148-LDD, before the Honorable Legrome D. Davis in the Eastern District of Pennsylvania; and *In re The Mills Corporation Securities Litigation*, Civil Action No. 1:06-cv-00077 (LO/TJR), before the Honorable Liam O'Grady in the Eastern District of Virginia.

Mr. Carder's complex civil litigation practice has also included the litigation of several antitrust class actions, corporate takeover class and derivative actions, shareholder derivative actions in various state and federal courts, including those arising out of instances of improper stock option backdating, and policyholder actions against insurance companies. Representative cases include: *Rieff v. Evans*, Civil Action No. CE 35780, before the Honorable Donna Paulsen in the District Court of Iowa, Polk County; *In re Automotive Refinishing Paint Antitrust Litigation*, Case No. 2:01-cv-02830-RBS, before the Honorable R. Barclay Surrick in the Eastern District of Pennsylvania; *In re Stone Energy Corporation Shareholder Derivative Litigation*, Civil Action No. 05-2166, before the Honorable Tucker L. Melancon in the Western District of Louisiana; *In re NVIDIA Corp. Derivative Litigation*, Case No. 4:06-cv-06110-SBA, before the Honorable Sandra Brown Armstrong in the Northern District of California; *In re Sovereign Bancorp. Inc. Shareholders Litigation*, Case No. 2587, before the Honorable Mark I. Bernstein in the Court of Common Pleas for Philadelphia County; *In re Flat Glass Antitrust Litigation (II)*, Civil Action No. 2:08-mc-00180-DWA, before the Honorable Donetta W. Ambrose in the Western District of Pennsylvania; and *In re New Jersey Title Insurance Litigation*, Case No. 2:08-cv-01425-PGS-ES, before the Honorable Peter G. Sheridan in the District of New Jersey.

Mr. Carder has published in his field. He is the author of *Ruling on Admissibility of WorldCom Restatement Could Have Broad Implications*, Barrack Bulletin, Vol. 9 (Fall 2005).

Jeffrey B. Gittleman, a partner in Barrack, Rodos & Bacine, is an honors graduate of Tulane University (B.A. Political Science 1993), and Temple University School of Law (J.D. 1996), where he served on the Moot Court Honors Society. Mr.

Gittleman has been named a Pennsylvania Rising Star by *Philadelphia Magazine* and *Pennsylvania Super Lawyers* in 2006, 2007 and 2008. He is active in community affairs and currently serves on the Board of the Anti-Defamation League.

Mr. Gittleman concentrates his practice on complex litigation and specializes in antitrust and securities litigation. Over the past decade, he has served in leadership roles in numerous antitrust cases, and has secured multi-million dollar recoveries against the manufacturers or producers of carbon fiber, automotive refinishing paint, graphite electrodes, flat glass, sodium gluconate, sorbates, polypropylene and nylon carpet, and metal building insulation. Currently, Mr. Gittleman is active in the following antitrust cases, among others: *In re Fasteners Antitrust Litigation*, MDL Docket No. 1912 (E.D. Pa.); *In re New Jersey Title Insurance Antitrust Litigation*, No. 08-1425(PGS) (D.N.J.); *In re Aftermarket Filters Antitrust Litigation*, No. 1:08-cv-4883 (N.D. Ill.); *In re Flat Glass (II) Antitrust Litigation*, No. 2:08-mc-00180 (W.D. Pa.); *In re Pressure Sensitive Labelstock Antitrust Litigation*, No. 3:03-mdl-01556 (M.D. Pa.); *In re Publication Paper Antitrust Litigation*, No. 3:04 MD 1631 (SRU) (D. Conn.); *In re Urethane Antitrust Litigation (Polyether Polyol Cases)*, No. 04-md-1616-JWL (D. Kan.); and *Standard Iron Works v. Arcelormitta*, No. 1:08-cv-05214 (N.D. Ill.)

In addition to representing plaintiffs in antitrust class actions, Mr. Gittleman also has an active securities litigation practice. He is currently representing the Florida State Board of Administration in *In re Schering-Plough Securities Litigation* and the Iowa Public Employees' Retirement System in *In re Mills Securities Litigation*. Previously, Mr. Gittleman served as the lead trial attorney in *Meikrantz v. Janney Montgomery Scott, et al.*, where he obtained a substantial award for his shareholder clients, and was part of the trial team that represented Iridian Technologies, Inc. and its common shareholder-elected directors in *Equity Asset Investment Trust, Inc. v. John Daugman, et al.*

Jeffrey W. Golan, a partner in Barrack, Rodos & Bacine, joined the firm in 1990. Mr. Golan graduated with honors from Harvard College in 1976 with a degree in Government. After working as an aide to Senator Edward W. Brooke, he attended the

joint degree program in law and foreign service at Georgetown University. Mr. Golan graduated from the Georgetown University Law Center in 1980, where he also served as the Articles Editor for the school's international law review, and from the School of Foreign Service, with a Master's of Science Degree in Foreign Service. In 1980, he received the Francis Deák Award from the American Society of International Law for the year's best student writing in an international law journal. Mr. Golan served as a Law Clerk for the Honorable Edwin D. Steel, Jr., a United States District Court Judge in the District of Delaware, from 1980 to 1981, and thereafter joined a large firm in Philadelphia, where he concentrated on commercial litigation, including the representation of plaintiffs and defendants in federal securities and antitrust cases.

Since joining BR&B, Mr. Golan has been BR&B's primary attorney in many major securities fraud cases throughout the country. Of particular note, he served as BR&B's lead trial attorney in the WorldCom securities fraud class action—a prosecution that yielded a record-breaking recovery of more than \$6.13 billion for defrauded investors—one of the most notable fraud cases ever to go to trial. In April 2005, Mr. Golan led the BR&B team that took the only non-settling defendant, WorldCom's former auditor Arthur Andersen LLP, to trial. Andersen agreed to settle in the fifth week of trial, shortly before closing arguments.

Mr. Golan also served as BR&B's primary attorney for the landmark *Cendant* case, in which the previously highest recovery ever achieved in a securities fraud class case was achieved (\$3.18 billion), for the *DaimlerChrysler* case (\$300 million obtained for the class), as well as in cases against Employee Solutions, Marion Merrell Dow, General Instrument and One Bancorp, among others. He is currently serving as the firm's lead attorney in the securities fraud class action involving Mills Corporation, where a \$165 million settlement with the company and its former officers, directors and underwriters has been presented to the court for approval. In August 2003, Mr. Golan was the lead trial attorney for the firm in an action in the Delaware Chancery Court, *Equity Asset Investment Trust, et al. v. John G. Daugman, et al.*, in which the firm represented Iridian Technologies, Inc. (the world leader in iris recognition technologies)

and its common shareholder-elected directors. The case was brought against the Company and the common directors in June 2003, prepared for trial within two months under the Chancery Court's "fast-track" procedures for Board contests, and went to trial by late August 2003.

Mr. Golan has also headed up the firm's representation of lead plaintiffs in a number of derivative actions stemming from the stock option backdating scandal, and served as the firm's lead attorney in several cases challenging proposed corporate transactions. Mr. Golan represented institutional and individual lead plaintiffs in a case that challenged the proposed buy-out of Lafarge N.A. by its majority shareholder, Lafarge S.A., which was settled when Lafarge S.A. agreed to increase the buy-out price from the \$75.00 per share initially offered to \$85.50 per share (a \$388 million increase in the amount paid to Lafarge N.A.'s public shareholders) and when Lafarge N.A. agreed to make additional disclosures about the company and the proposed transaction. He was appointed as a co-lead counsel in consolidated shareholder cases challenging the majority shareholder buy-out of Nationwide Financial Services, Inc., where as part of a settlement the acquirer raised its offer price from \$47.20 per share to \$52.25 per share, and in shareholder cases challenging the proposed acquisitions of Wm. Wrigley Jr. Company by Mars, Incorporated and of Commerce Bancorp by The Toronto-Dominion Bank.

For four of the last five years, Mr. Golan has been selected as a "Pennsylvania Super Lawyer" in the field of Securities Litigation. In June 2000, he was honored as the "Featured Litigator" in the on-line magazine published by Summation Legal Technologies, the legal software company. Mr. Golan has also served in numerous capacities for the Public Interest Law Center of Philadelphia, including as Vice-Chair of the Board, and on the staff of the Mayor's Task Force for the Employment of Minorities in the Philadelphia Police Force.

Robert A. Hoffman, a partner in Barrack, Rodos & Bacine, is a graduate of Rutgers University (B.A. 1980) (with high distinction) and Rutgers University School of Law - Camden (J.D. 1983). Mr. Hoffman clerked for the Honorable Charles R. Weiner,

United States District Court for the Eastern District of Pennsylvania, during the years 1984-1985. Mr. Hoffman has been practicing in the area of securities class and derivative actions, and corporate litigation generally, for more than 20 years, during which time he has analyzed laws and provided advice on issues relevant to pension fund boards of trustees. He was admitted to the bars of the Supreme Court of Pennsylvania and Supreme Court of New Jersey in 1983, and is also a member of the bars of several federal circuit courts of appeal and district courts.

Mr. Hoffman has broad experience in prosecuting securities class actions in federal courts around the country. He is serving as lead counsel for the Florida State Board of Administration in *In re Schering-Plough Securities Litigation*, before the Honorable Katherine Hayden in the District of New Jersey, in which a proposed \$165 million settlement is awaiting final court approval. He was one of the lead attorneys representing plaintiffs in *In re MicroWarehouse Securities Litigation*, (D. Conn.), which resulted in a \$30 million recovery for the plaintiff class. He also has significant experience in the trial and appeal of securities class actions. *See, e.g. In re Control Data Corp. Securities Litigation*, 933 F.2d 616 (8th Cir. 1991).

M. Richard Komins, partner in Barrack, Rodos & Bacine, is a graduate of Brandeis University (A.B., *cum laude*, 1969) and the Georgetown University Law Center (J.D., *cum laude*, 1980) and was an editor of the journal Law and Policy in International Business (LPIB). Mr. Komins was admitted to the bar of the Supreme Court of Pennsylvania in 1980, and is also a member of the bars of the U.S. Court of Appeals for the Third Circuit, the U.S. District Court for the Eastern District of Pennsylvania, and other federal circuit courts.

Mr. Komins has been practicing in the area of complex commercial civil litigation, including securities class action litigation for more than 25 years. He has acted as co-lead counsel for lead plaintiff the NYSCRF in *In re McKesson HBOC, Inc. Securities Litigation*, Master File No. CV-99-20743 RMW, before the Honorable Ronald W. Whyte in the Northern District of California, which settled for a total of \$1.0425 billion from all defendants. Mr. Komins also served as counsel for the CWA/ITU

Negotiated Pension Plan, one of the lead plaintiffs in the *In re Sunbeam Securities Litigation*, and was responsible in large part for a \$110 million settlement from Arthur Andersen LLP and the \$15.25 million, plus insurance, settlement (total of about \$30 million) with the individual defendants in the case.

Scott W. Laws is a graduate of the Pennsylvania State University (B.S., 1987, Mechanical Engineering), the University of San Diego School of Law (J.D., 1991), and San Diego State University (M.B.A., 2000). Mr. Laws was admitted to practice in California in 1991 and became a registered Patent Attorney with the USPTO in 2002.

Leslie B. Molder, partner in Barrack, Rodos & Bacine, is an honors graduate from the University of Michigan (A.B. *magna cum laude* 1980) as well as from the National Law Center at the George Washington University (J.D. *cum laude* 1983). Ms. Molder practices primarily in the area of complex civil litigation, including securities class actions, antitrust class actions and policyholder actions against insurance companies and has participated in the trials of a variety of commercial cases, including cases involving disputes between securities brokerage firms and their customers. Ms. Molder oversees the Firm's portfolio monitoring services for institutional clients. She is also the firm's settlement attorney, specializing in documenting and effectuating settlements of class actions and assisting clients throughout the settlement process.

Mark R. Rosen, partner in Barrack, Rodos & Bacine, is an honors graduate of the University of Pennsylvania (A.B. *summa cum laude* with distinction in political science 1976), where he was elected to Phi Beta Kappa, and the Harvard Law School (J.D. *cum laude* 1979). Mr. Rosen, who served as a law clerk to Judge Stanley S. Brotman, of the United States District Court for the District of New Jersey, has handled many trials and appeals as an experienced civil litigator representing plaintiffs and defendants in federal and state courts in, *inter alia*, constitutional, securities, antitrust, corporate takeover, environmental, consumer and other class and derivative litigation.

Mr. Rosen has successfully litigated high-profile cases which received nationwide recognition. In *Strawn v. Canuso*, 140 N.J. 43, 657 A.2d 420 (1995), the New Jersey Supreme Court ruled in favor of his clients, a group of homeowners, in establishing that builders and real estate brokers must inform prospective buyers if the property for sale is near a landfill. In *Atlantic Coast Demolition & Recycling, Inc. v. Board of Chosen Freeholders*, 48 F.3d 701 (3d Cir. 1995), *on remand*, 931 F. Supp. 341 (D.N.J. 1996), *aff'd*, 112 F.3d 652 (3d Cir.), *cert. denied*, 522 U.S. 966 (1997), Mr. Rosen represented an out-of-state recycling facility where the court struck down the New Jersey system of waste "flow control," holding that it violated the constitutional protection for interstate commerce.

At BR&B, Mr. Rosen has handled a variety of matters, including antitrust, securities and corporate takeover class and derivative actions, as well as individual commercial actions. Mr. Rosen was member of the successful team that litigated *In re WorldCom, Inc. Securities Litigation*, before the Honorable Denise L. Cote in the Southern District of New York, to its landmark conclusion, and is currently counsel to a group of defendants in a securities action arising from the recent upheaval in the financial markets. He was one of the lead counsel for plaintiffs in *In re Automotive Refinishing Paint Antitrust Litigation*, before the Honorable R. Barclay Surrick in the Eastern District of Pennsylvania, which yielded \$105 million in settlements, and *In re Publication Paper Antitrust Litigation*, before the Honorable Stefan R. Underhill in the District of Connecticut, among others. He was one of the lead counsel for plaintiffs in the litigation over the acquisition of Chiron, which resulted in an increase of several hundred million dollars in the price paid to buy out its public shareholders, and recently served as lead counsel representing a major international bank in an injunction hearing successfully defending its acquisition of an American bank.

Mr. Rosen has argued or had principal responsibilities for appeals in a number of state, federal and appellate courts. Mr. Rosen has also been named a "Pennsylvania Super Lawyer" in the field of securities litigation. He is admitted to

practice in California, the District of Columbia, New Jersey and Pennsylvania, and a number of federal trial and appellate courts.

Beth T. Seltzer is a graduate of the University of Michigan (B.A. 2001) with a major in History, where she was a member of the Golden Key Club National Honors Society. Ms. Seltzer is also a graduate of Temple University School of Law (J.D. 2004), where she was on the Dean's List and received awards for distinguished class performance. At Temple, Ms. Seltzer was a member of the Women's Law Caucus and the Jewish Law Students' Association. Ms. Seltzer's practice is concentrated in securities and antitrust class action litigation.

Jerome Synold is a graduate of the University of California, San Diego (2001, B.A. Economics), the University of San Diego School of Law, San Diego, California (2005, J.D.) and the Universite Paul Cezanne Aix-Marseille III, France (2006, L.L.M. European Business Law). Mr. Synold was admitted to the California Bar in 2005.

Samuel M. Ward is a graduate of the University of California, Hastings College of Law (J.D. 2001), and a 1995 honors graduate of the University of California, San Diego (B.A. 1995). Before joining BR&B, Mr. Ward worked as a political consultant, managing both Congressional and State Assembly campaigns. At the firm, Mr. Ward has litigated numerous securities cases in federal district courts throughout the country. Mr. Ward represented the plaintiff class in *In re Applied Micro Circuits Corp. Securities Litigation*, achieving a \$60 million settlement for class members. Mr. Ward was a trial attorney in *In re Apollo Group Inc. Securities Litigation*, Master File No. CV-04-2147 PHX-JAT (District of Arizona), before the Honorable James A. Teilborg, which was tried to a federal jury from November 2007 until the jury returned a unanimous verdict for investors on January 16, 2008. Mr. Ward played a critical role in mastering the deposition and documentary proof that was used at trial to secure the jury's unanimous verdict.

* * *

In *In re Apollo Group Inc. Securities Litigation*, Master File No. CV-04-2147 PHX-JAT (District of Arizona), Barrack, Rodos & Bacine was lead counsel for the class that secured a jury verdict for the full amount per share requested, which in the aggregate could exceed \$200 million, the largest securities litigation jury verdict since passage of the PSLRA, which is now on appeal after judgment as a matter of law entered. Judge Teilborg commented that trial counsel *"brought to this courtroom just extraordinary talent and preparation.... The technical preparation, the preparation for your examination and cross-examination of witnesses has been evident in every single instance. The preparation for evidentiary objections and responses to those objections have been thorough and foresighted. The arguments that have been made in every instance have been well-prepared and well-presented throughout the case. *** Likewise, for the professionalism and the civility that you -- and the integrity that you have all demonstrated and exuded throughout the handling of this case, it has just, I think, been very, very refreshing and rewarding to see that. *** [W]hat I have seen has just been truly exemplary."*

In *In re WorldCom, Inc. Securities Litigation*, No. 02 Civ. 3288 (DLC), Barrack, Rodos & Bacine was co-lead counsel for the Class and achieved settlements in excess of \$6.13 billion. After a partial settlement with one group of defendants for in excess of \$2.56 billion, the Court stated that *"the settlement amount ... is so large that it is of historic proportions."* The Court found that *"Lead Counsel has performed its work at every juncture with integrity and competence. It has worked as hard as a litigation of this importance demands, which for some of the attorneys, including the senior attorneys from Lead Counsel on whose shoulders the principal responsibility for this litigation rests, has meant an onerous work schedule for over two years."* The Court further found that *"the quality of the representation given by Lead Counsel is unsurpassed in this Court's experience with plaintiffs' counsel in securities litigation. Lead Counsel has been energetic and creative. Its skill has matched that of able and well-funded defense counsel. It has behaved professionally and has taken care not to burden the Court or other parties with needless disputes. Its negotiations with the*

Citigroup Defendants have resulted in a settlement of historic proportions. It has cooperated with other counsel in ways that redound to the benefit of the class and those investors who have opted out of the class. The submissions of Lead Counsel to the Court have been written with care and have repeatedly been of great assistance."

The Court also found that *"In sum, the quality of representation that Lead Counsel has provided to the class has been superb"*. In approving the final settlements totaling \$3.5 billion, in an opinion and order dated September 20, 2005, the Court stated *"The impressive extent and superior quality of Lead Counsel's efforts as of May 2004 were described in detail in the Opinion approving the Citigroup Settlement. ... At the conclusion of this litigation, more than ever, it remains true that 'the quality of representation that Lead Counsel has provided to the class has been superb.' ... At trial against Andersen, the quality of Lead Counsel's representation remained first-rate. .. The size of the recovery achieved for the class – which has been praised even by several objectors – could not have been achieved without the unwavering commitment of Lead Counsel to this litigation."*

The Court also found that *"Despite the existence of these risks, Lead Counsel obtained remarkable settlements for the Class while facing formidable opposing counsel from some of the best defense firms in the country;"* and *"If the Lead Plaintiff had been represented by less tenacious and competent counsel, it is by no means clear that it would have achieved the success it did here on behalf of the Class."* *"It is only the size of the Citigroup and Underwriters' Settlements that make this recovery so historic, and it is likely that less able plaintiffs' counsel would have achieved far less."*

In *In re Cendant Corporation Litigation*, No. 98-CV-1664 (WHW) (D.N.J. December 7, 1999), Barrack, Rodos & Bacine was co-lead counsel for the Class and achieved settlements with defendants in excess of **\$3.18 billion**, more than three times larger than the next highest recovery ever achieved in a securities law class action suit by that time. The *Cendant* settlement included what was, at the time, the largest amount by far ever paid in a securities class action by an issuing company (which, nearly ten

years later, remains the second largest ever paid) and what was, and remains, the largest amount ever paid in a securities class action by an auditor. The *Cendant* settlement further included extensive corporate governance reforms, and a contingency recovery of one-half the net recovery that Cendant and certain of its affiliated individuals may recover in on-going proceedings against CUC's former auditor. The *Cendant* Court stated that "*we have all been favored with counsel of the highest competence and integrity and fortunately savvy in the ways of the law and the market.*" The Court found that the "*standing, experience and expertise of counsel, the skill and professionalism with which counsel prosecuted the case and the performance and quality of opposed counsel were and are high in this action.*" The Court further found that the result of lead counsel's efforts were "*excellent settlements of uncommon amount engineered by highly skilled counsel with reasonable cost to the class.*"

In *In re Automotive Refinishing Paint Antitrust Litigation*, 2:10-md-01426-RBS (E.D. Pa.), Barrack, Rodos & Bacine, co-lead counsel for a Class of direct purchasers of automotive refinishing paint, achieved settlements with five defendants in excess of \$100 million. After reaching a settlement with the last two defendants remaining in the litigation, the Court stated, "*I want to commend counsel on both sides of this litigation. I think that the representation on both sides of this litigation is as good as I've ever seen in my entire professional career. Counsel worked together in this case. They frankly made the job of this Court very easy and I commend all of you for what you've done in this litigation.*"

In *Payne v. Micro Warehouse, Inc.*, No. 3:96CV1920(DJS) (D. Conn. Sept. 30, 1999), where Barrack, Rodos & Bacine was co-lead counsel for the shareholder class, the Court noted "*the exceptional results achieved by plaintiffs' counsel,*" who "*were required to develop and litigate this complex case solely through their own efforts,*" and concluded that "*the benefit conveyed to the class plaintiffs amply supports the conclusion that the plaintiffs' counsels' work was exceptional.*"

