2026 MIDYEAR ASSESSMENT

Securities Class Action Settlements

REVIEW & ANALYSIS

CORNERSTONE RESEARCH
Economic and Financial Consulting and Expert Testimony

Table of Contents

Table of Figures

2026 Midyear Overview

In the first half of 2026, there were 39 securities class action settlements totaling $2.2 billion.

If the pace during 2026 H1 continues into the second half of the year, then 2026 will exceed 2025 in the number of cases settled and total settlement dollars, with the projected annual settlement dollars being the highest since 2020. For historical context, in eight of the past nine years, the number of settled cases in the second half of the year exceeded the number in the first half of the year. (page 2)

The 2026 H1 median settlement of $20.0 million was greater than the historical typical settlement size. The annual median settlement in the prior nine years ranged from $7.7 million to $17.6 million. (page 1)

There were four mega settlements (of $100 million or greater) accounting for 10% of 2026 H1 settled cases. (page 7)

In the first half of the year, Health Care was the most active industry sector with 14 settlements, followed by Industrials and Communication Services/Information Technology with seven and six settlements, respectively. These industries accounted for 27 of the 39 settlements (69%) in 2026 H1. (page 4)

Median plaintiff-style damages for 2026 H1 settlements with Section 10(b) claims[1] was $660 million, larger than the annual medians in the prior nine years.[2] Approximately 36% of these 2026 H1 settlements had plaintiff-style damages greater than $1.5 billion. By comparison, only 14% of settlements between 2017 and 2025 had plaintiff-style damages exceeding $1.5 billion. (page 5)

The median settlement as a percentage of plaintiff-style damages for the first half of the year was lower than eight of the past nine historical annual medians, consistent with the larger plaintiff-style damages observed in 2026 H1. (page 6)

Of settled cases with Section 10(b) claims in 2026 H1, 61% involved an accompanying derivative action, and an institutional investor served as lead or co-lead plaintiff in 61% of settlements. (page 7)

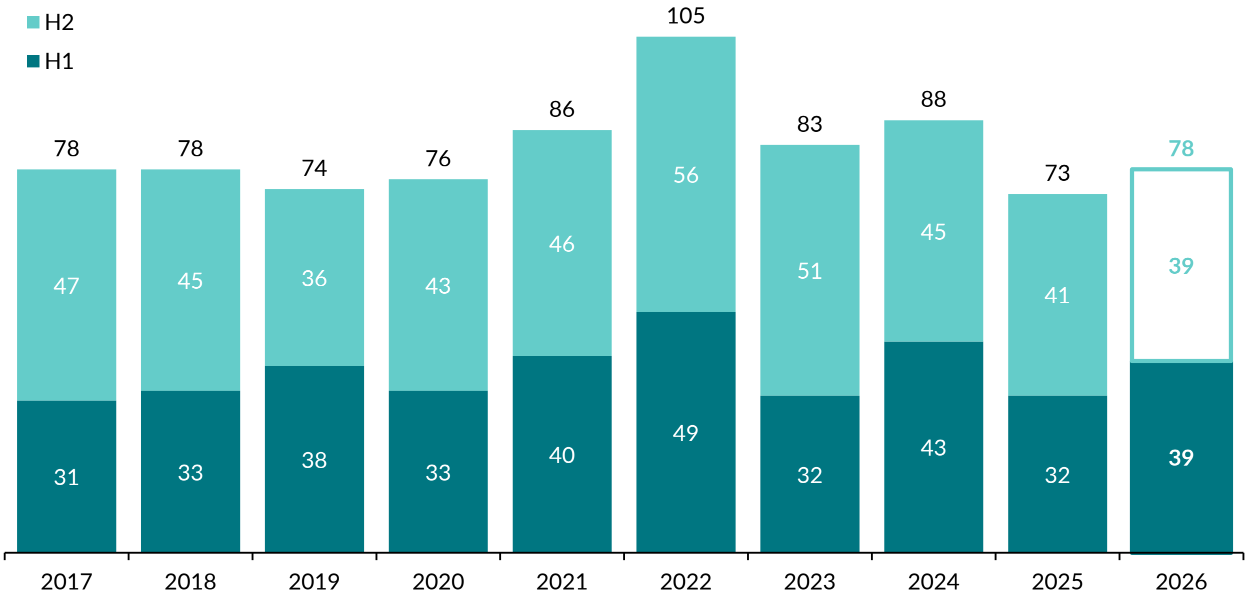
Figure 1: Settlement Statistics
(Dollars in millions)

	2017–2025	2025	2026 H1
Number of Settlements	741	73	39
Total Amount	$34,657.7	$3,082.5	$2,200.0
Minimum	$0.3	$0.3	$1.0
Median	$13.0	$17.6	$20.0
Average	$46.8	$42.2	$56.4
Maximum	$3,975.8	$447.7	$740.0

Note: Settlement dollars are adjusted for inflation; 2026 dollar–equivalent figures are presented.

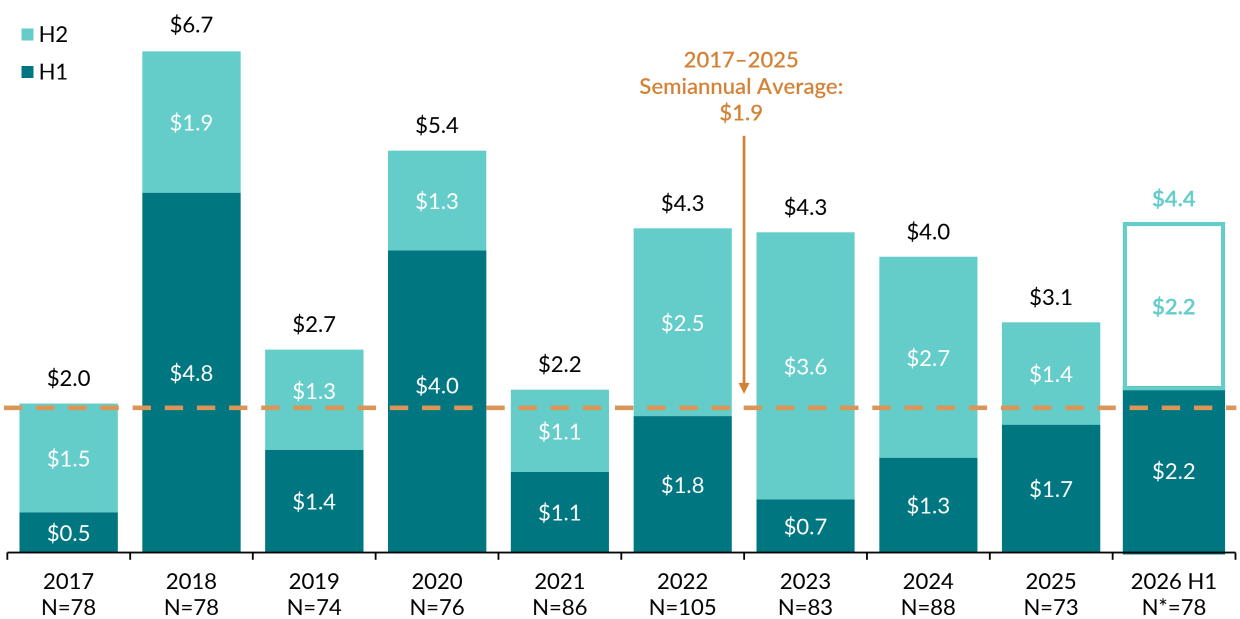
Number of Settlements and Settlement Size

Figure 2: Total Cases Settled
2017–2026 H1



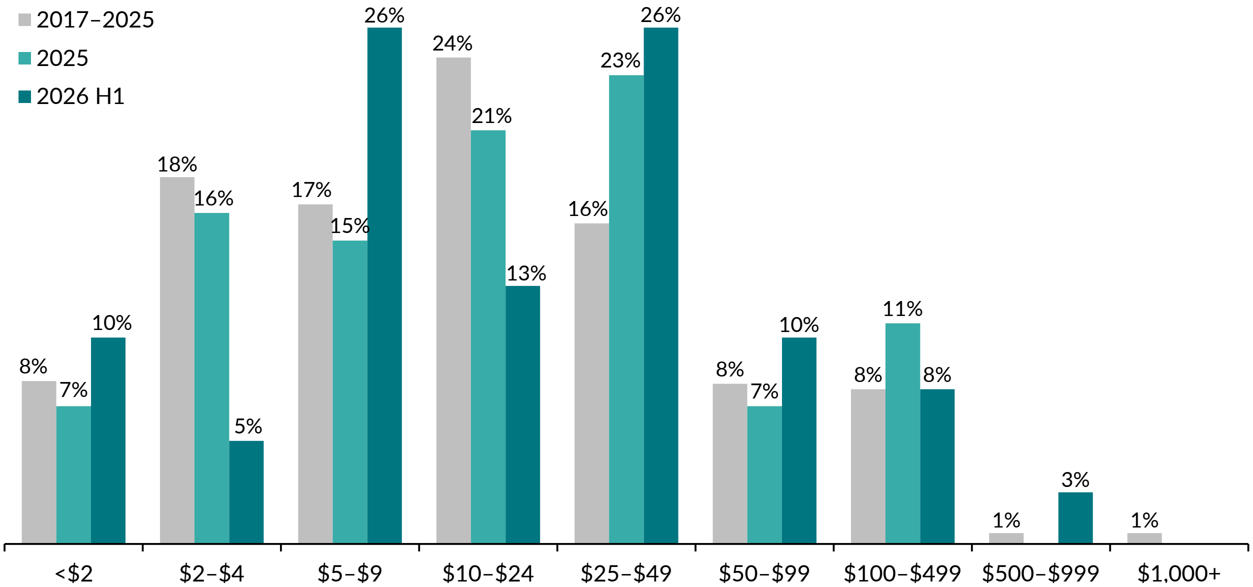
Note: 2026 total cases settled represents an annualized figure based on the number of 2026 H1 settlements.

Figure 3: Total Settlement Dollars
2017–2026 H1
(Dollars in billions)



Note: Settlement dollars are adjusted for inflation; 2026 dollar-equivalent figures are presented. "N" refers to the number of settlements. 2026 total settlement dollars and number of settlements represent annualized figures based on 2026 H1 settlement dollars and number of settlements.

Figure 4: Proportion of Settled Cases by Settlement Dollar Range
2017–2026 H1
(Dollars in millions)



Note: Percentages indicate the proportion of settled cases in the given settlement dollar range. Percentages may not sum to 100% due to rounding.

Industry Sectors

Figure 5: Number of Settlements by Half Year and Industry Sectors
2021 H1–2026 H1

Industry	Communication Services/ Information Technology	Consumer Discretionary	Consumer Staples	Energy/ Materials	Financials/ Real Estate	Health Care	Industrials	Utilities
2021 H1	13	1	2	7	6	8	1	2
2021 H2	10	4	1	3	2	18	7	1
2022 H1	9	5	3	1	4	16	10	1
2022 H2	9	11	2	6	6	14	8	0
2023 H1	7	4	0	6	4	9	2	0
2023 H2	9	4	4	4	8	13	8	1
2024 H1	9	4	2	6	8	12	2	0
2024 H2	10	5	3	5	4	9	9	0
2025 H1	8	8	2	1	2	9	2	0
2025 H2	11	1	2	5	5	10	6	1
2026 H1	6	5	0	2	4	14	7	1

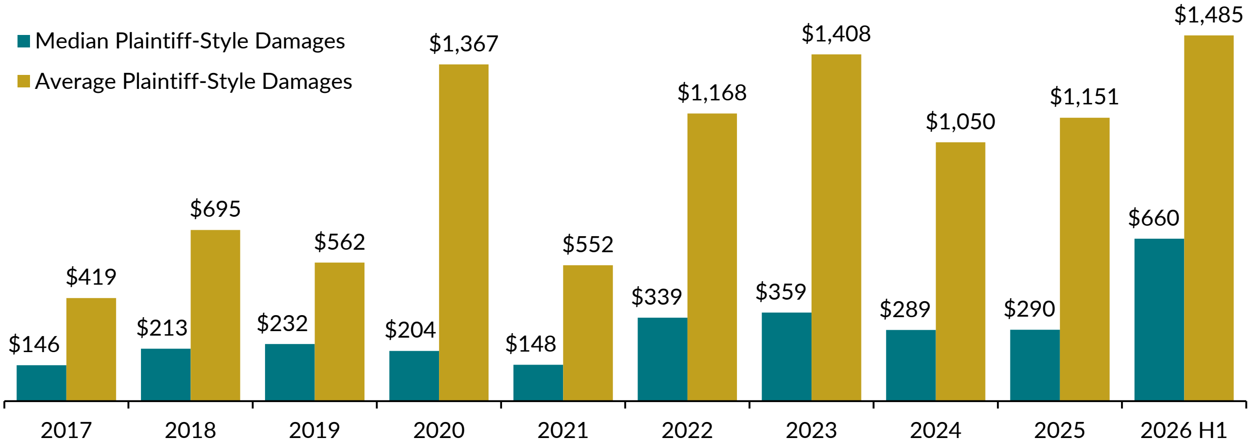
0–2	3–7	8–12	13+

Note: Industry sectors are based on the Global Industry Classification Standard (GICS).

Potential Investor Losses in Rule 10b-5 Cases

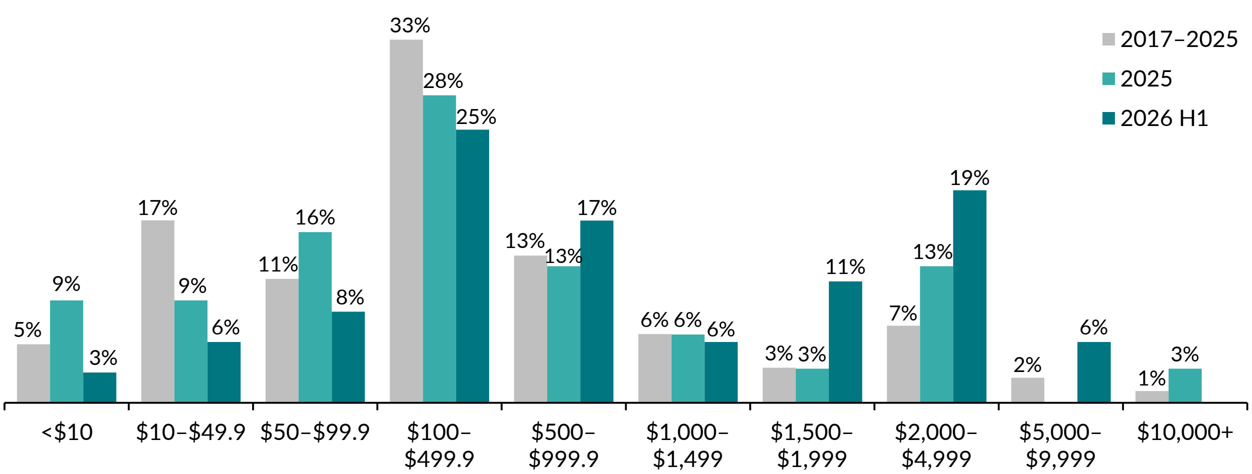
For cases with Rule 10b-5 claims, Cornerstone Research's analysis finds a proxy for potential investor losses—referred to here as plaintiff-style damages—to be the most important determinant of settlement outcomes based on regression analysis. However, plaintiff-style damages do not represent actual economic losses borne by shareholders. Determining any such economic losses for a given case requires more in-depth analysis.

Figure 6: Median and Average Plaintiff-Style Damages
2017–2026 H1, Settlements with Rule 10b-5 Claims
(Dollars in millions)



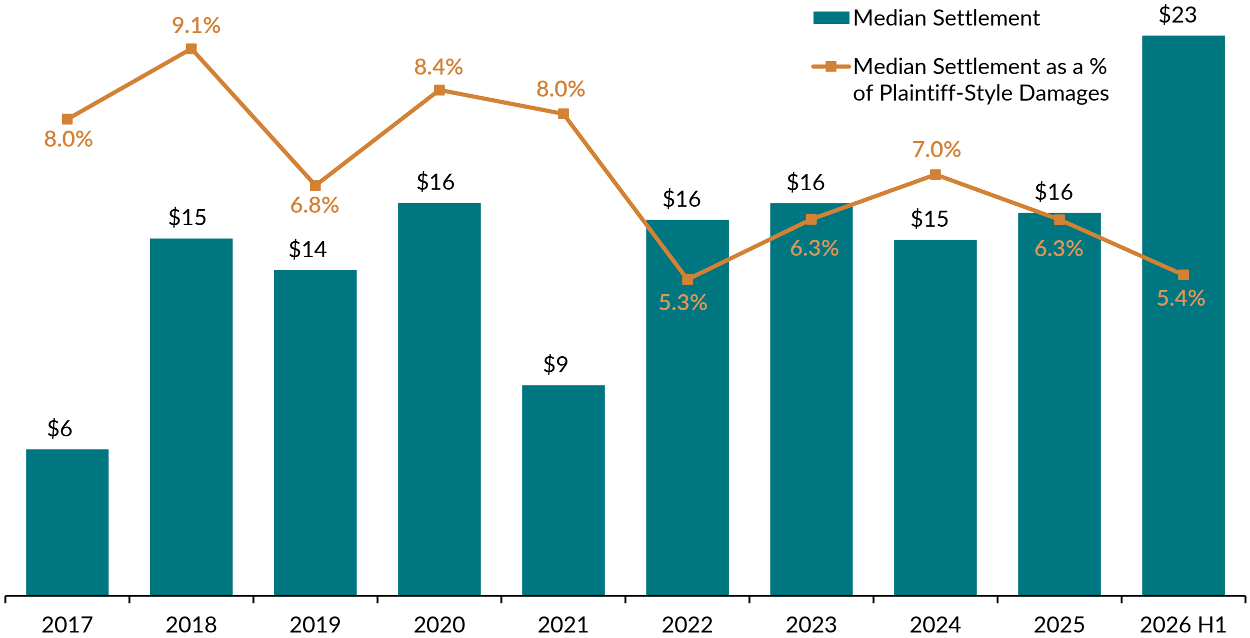
Note: Plaintiff-style damages are adjusted for inflation based on class period end dates and are estimated for common stock/ADR/ADS only; 2026 dollar–equivalent figures are presented. Plaintiff-style damages are estimated for cases that allege a claim under Rule 10b-5 (whether alone or in addition to other claims).

Figure 7: Proportion of Settled Cases by Plaintiff-Style Damages Range
2017–2026 H1, Settlements with Rule 10b-5 Claims
(Dollars in millions)



Note: Plaintiff-style damages are adjusted for inflation based on class period end dates and are estimated for common stock/ADR/ADS only; 2026 dollar–equivalent figures are presented. Plaintiff-style damages are estimated for cases that allege a claim under Rule 10b-5 (whether alone or in addition to other claims).

Figure 8: Median Settlement and Settlement as a Percentage of Plaintiff-Style Damages
2017–2026 H1, Settlements with Rule 10b-5 Claims
(Dollars in millions)



Note: Settlement dollars are adjusted for inflation; 2026 dollar–equivalent figures are presented. Plaintiff-style damages are estimated for common stock/ADR/ADS only. Plaintiff-style damages are estimated for cases that allege a claim under Rule 10b-5 (whether alone or in addition to other claims).

Analysis of Settlement Characteristics

Figure 9: Percentage of Settled Cases with Selected Characteristics

	2017–2025		2025		2026 H1	
	Number	Percent	Number	Percent	Number	Percent
Claims						
Rule 10b-5 claims	653	88%	64	88%	36	92%
Only ’33 Act claims	88	12%	9	12%	3	8%
Accounting Allegations						
GAAP violations	270	41%	29	41%	13	36%
Financial restatements	112	17%	9	14%	3	8%
Accounting irregularities	17	3%	1	2%	1	3%
Auditor codefendant	26	4%	1	2%	0	0%
Other Settlement Characteristics						
Mega settlements	55	7%	8	11%	4	10%
Parallel derivative action	335	51%	29	45%	22	61%
Institutional investor as lead or co-lead plaintiff	333	51%	29	45%	22	61%

Note: The analyses for accounting allegations and other settlement characteristics (except for mega settlements) are limited to cases that allege Rule 10b-5 claims (whether alone or in addition to other claims). The two subcategories of accounting issues analyzed in this report are (1) restatements—cases involving a restatement (or announcement of a restatement) of financial statements, and (2) accounting irregularities—cases in which the defendant has reported the occurrence of accounting irregularities (intentional misstatements or omissions) in its financial statements. Parallel derivative actions include those cases where a derivative action with allegations similar to those included in the underlying class action complaint was filed.

Cornerstone Research's Settlement Analysis

This research examines the relationship between settlement outcomes and certain securities case characteristics. Regression analysis is employed to better understand the factors that inform case settlements given the characteristics of a particular securities class action.

DETERMINANTS OF SETTLEMENT OUTCOMES

Based on regression analysis, important determinants of settlement amounts include the following:

- Plaintiff-style damages
- The most recently reported total assets prior to the settlement hearing date for the defendant issuer
- Whether there were accounting irregularities
- Whether there were criminal charges against the issuer, officers, directors, or other defendants with allegations similar to those included in the underlying class action complaint
- Whether there was a derivative action with allegations similar to those included in the underlying class action complaint
- Whether, in addition to Rule 10b-5 claims, Section 11 claims were alleged and not dismissed prior to settlement
- Whether the issuer had been delisted from a major exchange and/or had declared bankruptcy
- Whether an institutional investor acted as lead or co-lead plaintiff
- Whether securities other than common stock/ADR/ADS were included in the alleged class

Cornerstone Research analyses show that, all else being equal, settlement amounts tended to be higher in cases involving larger plaintiff-style damages, greater issuer defendant total assets, or cases in which Section 11 claims were alleged in addition to Rule 10b-5 claims.

Settlement amounts also tended to be higher in cases that involved accounting irregularities, criminal charges, an accompanying derivative action, an institutional investor lead or co-lead plaintiff, or with securities in addition to common stock/ADR/ADS included in the alleged class.

Settlement amounts tended to be lower if the issuer had been delisted from a major exchange and/or had declared bankruptcy.

Collectively, the factors above explain approximately 75% of the variation in settlement outcomes.

Research Sample

The database compiled for this report is limited to cases that allege Rule 10b-5, Section 11, and/or Section 12(a)(2) claims brought by purchasers of a corporation's common stock.

Cases with alleged classes of only bondholders, preferred stockholders, etc.; cases that allege fraudulent deflation in price; and mergers and acquisitions cases are excluded. These criteria are imposed to ensure data availability and to utilize a relatively homogeneous set of cases in terms of the nature of the allegations.

The database includes over 2,380 securities class actions filed after passage of the Reform Act (1995) and settled from 1996 through 2026 H1. These securities class actions correspond to approximately $162.8 billion in total settlement dollars, adjusted for inflation and expressed in 2026 dollars. These settlements are identified based on a review of case activity collected by Securities Class Action Services LLC (SCAS).[3]

The designated settlement year, for purposes of this report, corresponds to the year in which the hearing to approve the settlement was held.[4] Cases involving multiple settlements are reflected in the year of the most recent partial settlement, provided certain conditions are met.[5]

In addition to SCAS, data sources include Bloomberg, the Center for Research in Security Prices (CRSP) at the University of Chicago Booth School of Business, LSEG Workspace, court filings and dockets, SEC registrant filings, SEC litigation releases and administrative proceedings, LexisNexis, Stanford Securities Litigation Analytics (SSLA), and public press.

Endnotes

[1] For purposes of the settlement research and modeling, this report utilizes a measure of potential investor losses that allows for consistency across a large volume of cases, thus enabling the identification and analysis of potential trends. This measure, "settlement model plaintiff-style damages" ("plaintiff-style damages" as referred to in this report), is estimated using a methodology that closely aligns with approaches used by plaintiffs in the current securities class action litigation environment. For example, when estimating the number of shares eligible for damages, the plaintiff-style damages approach adjusts for short interest positions and shares estimated to be held by institutional investors throughout the entire class period.

[2] Plaintiff-style damages are calculated for cases that settled in 2014 or later, and account for the U.S. Supreme Court's 2005 landmark decision in *Dura Pharmaceuticals Inc. v. Broudo*, 544 U.S. 336. Plaintiff-style damages are based on the stock-price movements associated with the alleged disclosure dates that are described in the settlement plan of allocation.

[3] Available on a subscription basis. For further details, see https://www.issgovernance.com/securities-class-action-services/.

[4] Movements of partial settlements between years can cause settlement amounts reported for prior years to differ from those presented in earlier reports.

[5] This categorization is based on the timing of the settlement hearing date. If a new partial settlement equals or exceeds 50% of the then-current settlement fund amount, the entirety of the settlement amount is recategorized to reflect the settlement hearing date of the most recent partial settlement. If a subsequent partial settlement is less than 50% of the then-current total, the partial settlement is added to the total settlement amount and the settlement hearing date is left unchanged.

About the Authors

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Laarni Bulan has over 14 years of experience consulting on complex litigation involving economic and financial issues. Dr. Bulan specializes in securities, mergers and acquisitions and other corporate transactions, firm valuation, risk management, executive compensation, and corporate governance matters.

Dr. Bulan serves as co-head of the firm's corporate governance practice. She is a member of the Advisory Board of the Institute for Law and Economics at the University of Pennsylvania Carey Law School.

Dr. Bulan has published numerous articles in peer-reviewed journals, including *Financial Management*, the *Journal of Banking and Finance*, the *Journal of Economics and Business*, and the *Journal of Urban Economics*. Her research covers dividend policy, capital structure, executive compensation, corporate governance, and real options. Prior to joining Cornerstone Research, Dr. Bulan held a joint appointment at Brandeis University, where she served as an assistant professor of finance in the International Business School and also in the economics department.

Eric Tam
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Eric Tam specializes in securities litigation. Mr. Tam has more than 20 years of experience consulting to clients and addressing financial economics issues and class actions in federal and state courts, including the Delaware Court of Chancery. His experience spans all stages of the litigation process, including exposure analysis, class certification, expert support, summary judgment filings, mediation and settlement analysis, trial preparation, and regulatory proceedings.

Mr. Tam has extensive expertise with securities litigation involving alleged misrepresentations under Section 10(b) of the Exchange Act and Sections 11 and 12 of the Securities Act. He also addresses allegations of market manipulation under Sections 9 and 10(b) of the Exchange Act and claims under Section 14(a) of the Exchange Act.

Mr. Tam has analyzed class certification issues (market efficiency, price impact, and evaluation of damages methodologies in the context of *Comcast* standards), as well as loss causation, damages, and materiality in numerous securities class actions.

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The authors request that you reference Cornerstone Research in any reprint of the information or figures included in this report.

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Cornerstone Research

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