[Additional counsel appear on signature page.]

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

, Individually and on Behalf of All Others Similarly Situated,

Plaintiff,

vs.

AFFYMAX, INC., JOHN A. ORWIN, HERBERT C. CROSS, TAKEDA PHARMACEUTICAL COMPANY LIMITED, TAKEDA PHARMACEUTICALS U.S.A., INC. and TAKEDA GLOBAL RESEARCH & DEVELOPMENT CENTER, INC.,

Defendants.

No.

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

Plaintiff , individually and on behalf of all others similarly situated, by plaintiff's undersigned attorneys, for plaintiff's complaint against defendants, alleges the following based upon personal knowledge as to plaintiff and plaintiff's own acts, and upon information and belief as to all other matters based on the investigation conducted by and through plaintiff's attorneys, which included, among other things, a review of Securities and Exchange Commission ("SEC") filings by Affymax, Inc. ("Affymax" or the "Company"), as well as media reports about the Company and conference call transcripts. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a securities class action on behalf of all purchasers of the common stock of Affymax between December 8, 2011 and February 22, 2013, inclusive (the "Class Period"), seeking remedies pursuant to §§10(b) and 20(a) of the federal securities laws. Defendants include Affymax, certain of it senior executives and/or directors and Takeda Pharmaceutical Company Limited ("Takeda"), the largest pharmaceutical company in Japan.

2. Defendant Affymax is a Palo Alto-based biopharmaceutical company whose primary drug offering is Omontys (peginesatide) Injection for the treatment of anemia in chronic kidney disease in adult patients on dialysis. Omontys is a synthetic, peptide-based erythropoiesis stimulating agent designed to stimulate production of red blood cells. The Company has a strategic alliance agreement with Takeda to develop and commercialize Omontys.

3. During the Class Period, defendants issued materially false and misleading statements regarding the Company's business practices and financial results. Specifically, defendants failed to disclose that 2% of patients who were administered Omontys experienced hypersensitivity reactions resulting in anaphylaxis, a serious and life-threatening allergic reaction, a third of which needed medical intervention – and that 0.02% of those administered the drug experienced fatal anaphylaxis reactions. As a result of these false statements, Affymax stock traded at artificially inflated prices during the Class Period, reaching a high of $27.74 per share in intraday trading on October 17, 2012.

4. Suddenly, on Saturday, February 23, 2013, Affymax announced that the U.S. Food and Drug Administration ("FDA") was requiring a total recall of the drug due to reports of

anaphylaxis, with the FDA calling it a "serious and life-threatening" allergic reaction in the agency's statement. "Serious and fatal" hypersensitivity reactions have been reported in some patients within 30 minutes of receiving their first doses of the drug by intravenous injection, the FDA said in its statement.

5. On this news, the price of Affymax stock declined by ***more than 85%***, closing at $2.42 per share, down $14.10 per share from the prior Friday night's close, on unusually high trading volume.

6. The true facts, which were known by the defendants but concealed from the investing public during the Class Period, were as follows:

(a) Affymax's FY 2012 financial guidance was materially overstated throughout the Class Period;

(b) sales of Omontys being reported throughout the Class Period were not sustainable; and

(c) defendants were materially overstating sales and understating the potential liabilities related to Omontys sales during the Class Period, including refunds and potential liability to injured patients.

7. As a result of defendants' false statements, Affymax stock traded at inflated levels during the Class Period. However, after the above revelations seeped into the market, the price of Affymax stock was hammered by massive sales, sending them down ***more than 91%*** from their Class Period high.

JURISDICTION AND VENUE

8. The claims asserted herein arise under §§10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5, 17 C.F.R. §240.10b-5. Jurisdiction is conferred by §27 of the Exchange Act, 15 U.S.C. §78aa.

9. Venue is proper in this district pursuant to §27 of the Exchange Act. Acts and transactions giving rise to the violations of law complained of occurred in this district.

THE PARTIES

10. Plaintiff purchased Affymax common stock during the Class Period as described in the Certification attached hereto and incorporated herein by reference and suffered damages thereon.

11. Defendant Affymax is headquartered in Palo Alto, California. During the Class Period, Affymax had approximately 37 million shares of common stock outstanding, which shares traded in an efficient market on the NASDAQ under the ticker symbol "AFFY".

12. Defendant John A. Orwin ("Orwin") served as Affymax's CEO and a Director during the Class Period.

13. Defendant Herbert C. Cross ("Cross") served as Affymax's CFO during the Class Period.

14. Defendants Orwin and Cross are sometimes referred to herein as the "Individual Defendants."

15. During the Class Period, the Individual Defendants ran Affymax as managers overseeing Affymax's operations and finances and made the material false and misleading statements described herein. The Individual Defendants were intimately knowledgeable about all aspects of Affymax's financial and business operations, as they received daily reports and had access to computerized information regarding sales, costs and expenses, and adverse reactions reported concerning Omontys use. They were also intimately involved in deciding which disclosures would be made by Affymax. Indeed the Individual Defendants made various public statements for Affymax during the Class Period, and participated in all Class Period investor conferences.

16. Defendant Takeda Pharmaceutical Company Limited (based in Osaka, Japan), along with operating subsidiaries Takeda Pharmaceuticals U.S.A., Inc. (based in Deerfield, Illinois) and Takeda Global Research & Development Center, Inc. (based in Deerfield, Illinois) (collectively, "Takeda"), is a research-based global pharmaceutical company. Takeda is the largest pharmaceutical company in Japan. Takeda is a publicly-traded company listed on the Tokyo exchange with substantial operations in the U.S. through its two U.S. operating subsidiaries.

BACKGROUND TO THE CLASS PERIOD

17. Affymax was founded in 2001 and is headquartered in Palo Alto, California.

18. The Company's primary drug offering is peginesatide (trade name Omontys, formerly Hematide), which was developed by Affymax and Takeda and is an erythropoietic agent, a functional analog of erythropoietin. Peginesatide is approved by the FDA for treatment of anemia associated with chronic kidney disease (CKD) in adult patients on dialysis.

19. In late June 2010, Affymax announced preliminary top-line results from its peginesatide Phase 3 clinical program for the treatment of patients with anemia associated with chronic kidney disease. The Company's Phase 3 clinical program included four open-label, randomized controlled clinical trials. Two of these trials, called PEARL 1 and PEARL 2, were conducted in non-dialysis patients and designed to evaluate the safety and efficacy of peginesatide compared to darbepoetin alfa to correct anemia and maintain hemoglobin in a corrected range over time. The other two trials, called EMERALD 1 and EMERALD 2, were conducted in dialysis patients and designed to evaluate the safety and efficacy of peginesatide and its ability to maintain hemoglobin levels in a specified range compared to epoetin alpha or epoetin beta when switched to peginesatide. Analysis of efficacy and safety for all of the Phase 3 studies were based primarily on assessments of non-inferiority to the comparator drugs. Defendants report that the primary efficacy endpoint, the mean change in hemoglobin from baseline, in each of the four Phase 3 studies met the statistical criteria for non-inferiority. Defendants also report that peginesatide met the statistical criterion for non-inferiority for the assessment of safety for the cardiovascular composite safety endpoint, or CSE, which was composed of death, stroke, myocardial infarction, congestive heart failure, unstable angina and arrhythmia from a pooled safety database across the four Phase 3 trials.

20. In October 2010, Affymax met with the FDA to discuss the regulatory path for peginesatide based on the initial analysis of the Phase 3 results. Based on these discussions with the FDA, the Company submitted a NDA for peginesatide to the FDA for treatment of anemia in chronic kidney disease patients on dialysis in May 2011. In July 2011, the FDA accepted Affymax's submission and filed the NDA for review, with an action date of March 27, 2012 under the Prescription Drug User Fee Act. According to defendants, in December 2011, the FDA Oncologic

Drugs Advisory Committee, or ODAC, voted 15 to 1, with 1 abstention, that peginesatide demonstrated a favorable benefit/risk profile for use in the treatment of dialysis patients with anemia due to chronic kidney disease.

DEFENDANTS' MATERIALLY FALSE AND MISLEADING CLASS PERIOD STATEMENTS

21. The Class Period starts on December 8, 2011. On that day, Affymax and Takeda issued a release entitled "FDA Advisory Committee Voted in Favor of Benefit/Risk Profile for Peginesatide for Treatment of Anemia in Chronic Kidney Disease Patients on Dialysis." The press release stated, in pertinent part, as follows:

> "We're encouraged by the panel's positive view of the benefit/risk profile of peginesatide in the dialysis setting," said John Orwin, president and CEO of Affymax. "Anemia affects many patients in the dialysis setting, and we look forward to working with the FDA as they complete their evaluation of peginesatide. As a once-monthly treatment, peginesatide, if approved, has the potential to be an important option in the management of anemia in patients living with this condition."
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> "Today's ODAC vote represents an important step in the peginesatide New Drug Application review process," said Azmi Nabulsi, MD, president, Takeda Global Research & Development Center, Inc. "As we heard from the discussion today, limited therapeutic options are available for the treatment of anemia in dialysis patients with chronic kidney disease. Affymax and Takeda will continue efforts to make this alternative available to dialysis patients and the providers who treat them."

22. The drug would be Affymax's first product if it gained regulatory approval for patients with chronic kidney disease. According to *Bloomberg*, "[i]f approved, the therapy would compete with Amgen's Epogen, which generated $2.5 billion in revenue [in FY 2010], and J&J's Proscrit, with 2010 sales of $1.9 billion," stating that "Affymax's medicine works as well as those treatments and had 'similar safety results' for people on dialysis, the patient group for whom Affymax seeks approval," citing a December 5, 2011 FDA staff report.

23. According to a report issued that day by Robert W. Baird analyst Chris Raymond: "Christmas came a little early this year. We view approval as significantly de-risked" and "remain buyers." The Baird report also explained that "[w]ith Amgen's recent exclusive DaVita contract and partnership with Fresenius," the two largest dialysis providers respectively by annual income, "about 70 percent of the market appears locked up. We would point out 30 percent isn't, and we'd be very

surprised if various out-clauses did not exist, which may be increasingly relevant if Affymax prices this drug at a discount.

24. On this news, the price of Affymax common stock surged 36% to close at $7.98, the biggest increase since the stock became publicly traded in December 2006.

25. On March 14, 2012, Affymax issued a press release announcing its FY 2011 financial results and its FY 2012 financial guidance. The release stated, in pertinent part, as follows:

> "2011 was a banner year for Affymax ***demonstrated by our progress and accomplishments which set the stage for potential approval and commercial launch of our first marketed therapeutic product,"*** said John Orwin, chief executive officer at Affymax. "Looking at planned activities in 2012, our highest priority is preparing for, and executing on, the potential launch of peginesatide with our partner Takeda in the dialysis market. ***We look forward to keeping you apprised of our progress."***
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> ***2012 Financial Guidance***
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> With respect to revenue in 2012, Affymax expects to earn several milestone payments totaling approximately $60 million from Takeda in 2012. In addition to the $5.0 million milestone payment already received as a result of the acceptance of the Marketing Authorization Application for peginesatide in Europe, ***Affymax also expects to receive additional milestones of $50 million related to the approval of peginesatide in the U.S.*** and approximately $5 million from Takeda associated with reimbursements under the Janssen agreement upon the achievement of certain regulatory and commercial events. ***Affymax also expects to continue to receive reimbursement from Takeda of 70 percent of third party expenses associated with research and development, as well as 50 percent reimbursement of both third-party and FTE related expenses associated with commercial activities as provided under the terms of the collaboration agreement.*** The agreement provides that upon commercialization of peginesatide, Affymax will receive quarterly profit equalization payments from Takeda to effect a 50/50 profit split on product sales between the parties. Affymax will not be giving peginesatide product sales guidance for 2012.
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> With respect to operating expenses Affymax expects to incur $45 million to $50 million in research and development expenses and $90 million to $95 million in selling, general and administrative expenses, resulting in total expected operating expenses for 2012 of $135 million to $145 million, excluding stock based compensation. For 2012, we expect to incur total stock-based compensation expense of approximately $10 million dollars.
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> This increase in operating expenses relative to 2011 is primarily a result of significantly increased investment in the Affymax commercial and medical affairs organizations, partially offset by reductions in our research and development spending as the company directs resources to support the potential commercialization of peginesatide in 2012.

Affymax currently expects existing cash resources, milestone payments from Takeda, ongoing Takeda reimbursement and profit equalization payments from Takeda to fund its operations well into 2013.[1]

26. On March 27, 2012, Affymax issued a press release entitled "Affymax and Takeda Announce FDA Approval of OMONTYS® (Peginesatide) Injection for the Treatment of Anemia Due to Chronic Kidney Disease (CKD) in Adult Patients on Dialysis." The press release stated, in pertinent part, as follows:

> Affymax, Inc. and Takeda Pharmaceutical Company Limited, today announced that the U.S. Food and Drug Administration (FDA) approved OMONTYS® (peginesatide) Injection for the treatment of anemia due to chronic kidney disease (CKD) in adult patients on dialysis. OMONTYS is the only once-monthly erythropoiesis-stimulating agent (ESA) for anemia to be made available to the dialysis patient population in the United States.
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> The FDA's decision was based on a New Drug Application (NDA), which included results from two randomized, controlled, open-label, Phase 3 studies (EMERALD 1 and 2) that demonstrated the safety and efficacy of OMONTYS dosed once monthly, compared to epoetin dosed between one-to-three times per week (according to product labels), in maintaining hemoglobin (Hb) levels in anemic CKD patients on dialysis. In these studies, the most commonly reported adverse reactions were shortness of breath, diarrhea, nausea, cough and arteriovenous fistula site complication. The EMERALD studies were part of the largest clinical program to support the NDA of an ESA in the treatment of anemia in CKD. Enrolling 2,606 patients, including approximately 1,600 dialysis patients, the OMONTYS Phase 3 program was also the first to prospectively compare, in a head-to-head manner, the cardiovascular safety of different ESAs. Cardiovascular safety was evaluated based on a composite cardiovascular safety endpoint adjudicated by a blinded and independent committee. See below for Important Safety Information about OMONTYS, including Boxed Warnings as well as limitations of use.
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> In the approval action letter, the FDA outlined post-marketing requirements: an observational study and a randomized controlled trial to be completed with final reports submitted in 2018 and 2019, respectively. The objectives of the studies are to evaluate cardiovascular safety and assess safety of long-term use in adult patients on dialysis, in particular in the incident patient population. In addition, the post-marketing commitment includes the initiation of pediatric studies with target dates for completion between 2016 and 2027. Letters will be sent to nephrology healthcare providers as part of a Risk Evaluation and Mitigation Strategy (REMS) to inform them that OMONTYS is not indicated in patients with CKD not on dialysis. In two trials of OMONTYS, patients with CKD not on dialysis experienced increased specific cardiovascular events.
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> ***"The approval of OMONTYS now provides a therapeutic alternative to treat anemia of CKD in adult patients on dialysis, one of the most common complications affecting this patient population," said John Orwin, chief executive***

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[1] All emphasis is added unless otherwise noted.

> ***officer, Affymax.*** "For over two decades, doctors have relied primarily on one erythropoietin-based treatment in the dialysis setting. ***With OMONTYS, doctors and patients will have access to a once-monthly alternative for the treatment of anemia in adult CKD patients on dialysis."***
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> "The FDA's approval of OMONTYS signifies an important milestone for the partnership between Takeda and Affymax as we fulfill our goal of providing an important new treatment option for the hundreds of thousands of CKD patients on dialysis who live with anemia," said Azmi Nabulsi, M.D., president, Takeda Global Research & Development Center, Inc. "OMONTYS is an example of our commitment to making treatment options available that accommodate the needs of evolving healthcare markets, such as the renal community."
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> Anemia (a condition in which blood has a lower than normal number of red blood cells) is a common complication in dialysis patients because their kidneys no longer produce enough erythropoietin, the hormone that stimulates red blood cell production in the body. According to the Centers for Medicaid and Medicare Services (CMS), nearly 95 percent of dialysis patients in the United States are being treated for anemia with ESAs. Until the approval of OMONTYS, ESAs were recombinant (genetically engineered) versions of endogenous erythropoietin (erythropoietin that is made in the patient's body) that are injected up to three times a week. OMONTYS is a synthetic, pegylated, peptide-based ESA that is dosed once monthly.
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> "For dialysis patients, anemia is another aspect of their challenging condition that must be addressed," said Brigitte Schiller, M.D., chief medical officer, Satellite Healthcare, Inc. "As a nephrologist who oversees the care of adult CKD patients on dialysis, I am glad to now have another option for the treatment of anemia."

27. As reported by *The Wall Street Journal* on March 27, 2012, "[t]he drug, which will be sold under the brand name Omontys, ***would compete with Amgen Inc.'s Epogen, which is approved for use in the same group of patients***." On this news, the price of Affymax stock closed up $0.58 per share from its close of $13.73 on March 26, 2012, on extremely high trading volume of more than 14 million shares trading.

28. On April 9, 2012, Affymax issued a press release entitled "Affymax Receives a $50 Million Milestone Payment for U.S. Approval of OMONTYS® (peginesatide) Injection," which stated in pertinent part that it had received a $50 million development milestone payment from Takeda as part of the companies' exclusive global agreement to develop and commercialize Omontys and that the milestone was triggered by the FDA approval of Omontys on March 27, 2012. The press release also stated that this was "in addition to the $5 million milestone payment the company received from Takeda that was triggered by the European Medicines Agency acceptance of the Marketing Authorization Application in February."

29. On April 13, 2012, Affymax issued a press release entitled "Affymax and Takeda Announce Centers for Medicare and Medicaid Services Has Assigned a Q-Code for OMONTYS® (Peginesatide) Injection – Code Q2047 Will Streamline OMONTYS Reimbursement." The press release stated, in pertinent part, as follows:

> Affymax, Inc. and Takeda Pharmaceuticals U.S.A. today announced that the Centers for Medicare and Medicaid Services (CMS) has granted a unique product reimbursement code, or Q-code, for OMONTYS® (peginesatide) Injection. The OMONTYS-specific billing code, Q2047, will help streamline the billing process for dialysis organizations using OMONTYS. This new Q-code will become effective on July 1, 2012. OMONTYS is the only once-monthly erythropoiesis-stimulating agent (ESA) for anemia available to the dialysis patient population in the United States.
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> "We are very pleased with the level of interest in OMONTYS by providers, and the designation of this Q-code by CMS will help simplify their billing process for reimbursement when using this new once-monthly anemia treatment for chronic kidney disease (CKD) patients on dialysis," said John Orwin, chief executive officer, Affymax. "The ability of dialysis centers to receive timely reimbursement for OMONTYS is important for the dialysis community."
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> According to Nicole Mowad-Nassar, vice president, marketing at Takeda, "Having received U.S. Food and Drug Administration (FDA) approval just last month, the CMS assignment of a reimbursement, or Q-code, is one more significant step towards making OMONTYS available to the healthcare providers who treat dialysis patients with anemia."

30. On April 24, 2012, Affymax issued a press release entitled "OMONTYS® (Peginesatide) Injection Now Available for Adult Chronic Kidney Disease (CKD) Patients on Dialysis in the United States." The press release stated, in pertinent part, as follows:

> ***"Today's announcement represents an important milestone in the field as nephrologists and anemia nurses will now be able to use the first once-monthly treatment for anemia for adult dialysis patients available in the United States," said John Orwin, chief executive officer, Affymax.*** "We are excited to partner with the dialysis community and support the important work they do for patients."
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> "We look forward to working with the dialysis community as they implement this once-monthly medicine into their practice," said Douglas Cole, president, Takeda Pharmaceuticals U.S.A. "In partnership with Affymax, we will support the providers and physicians as they convert their adult CKD patients on dialysis to OMONTYS."

31. On May 7, 2012, Affymax issued a release entitled "Affymax Reports First Quarter 2012 Financial Results - $58 million in milestones earned." The press release stated, in pertinent part, as follows:

> Affymax, Inc. today reported financial results for the first quarter ended March 31, 2012. The net income for the first quarter of 2012 was $31.5 million (or $0.87

per share) compared to a net loss of $9.6 million (or $(0.36) per share) for the first quarter of 2011.

Affymax recognized total revenue for the quarter ended March 31, 2012, of $63.2 million compared to $16.7 million for the quarter ended March 31, 2011. The increase in revenue was the result of $58 million in milestones earned during the quarter from the company's partner, Takeda Pharmaceutical Company Limited, under their 2006 collaboration agreement for Affymax's compound, OMONTYS® (peginesatide) Injection. Specifically, the company earned a $5 million milestone for the acceptance of a Marketing Authorization Application in Europe and $53 million in milestones for securing U.S. approval.

Research and development expenses for the quarter ended March 31, 2012, were $16.1 million compared to $18.2 million for the quarter ended March 31, 2011. The decrease was primarily due to reduced consulting costs as a result of the completion of the filing of our New Drug Application with the U.S. Food and Drug Administration (FDA) in May 2011 and reduced personnel-related costs. This was partially offset by ongoing clinical trial activity for the company's Phase 3b trial, and an ongoing Phase 2 study in Pure Red Cell Aplasia patients.

Selling, general and administrative expenses for the quarter ended March 31, 2012, were $15.6 million compared to $8.2 million for the quarter ended March 31, 2011. The increase was primarily due to increases in commercialization costs as the company prepared for the launch and commercialization of OMONTYS.

The company had cash and investments of $93.5 million as of March 31, 2012, which only included receipt of $5.0 million of the $58.0 million of milestones earned during the first quarter of 2012. The remaining $53.0 million in milestones earned in the first quarter were included in the $58.3 million balance in receivables from Takeda, as payments of those amounts had not been received as of March 31, 2012.

"The year is off to a phenomenal start with the approval of OMONTYS on March 27," said John Orwin, chief executive officer of Affymax. "Since that time, we secured a product specific Q-code from CMS which will streamline reimbursement and also launched the product with two product configurations. We look forward to reporting progress of OMONTYS adoption and integration by dialysis providers."

32. On July 12, 2012, Affymax issued a press release entitled "Takeda and Affymax Announce Supply Agreement for OMONTYS® (peginesatide) Injection with Fresenius Medical Care North America." The press release stated, in pertinent part, as follows:

Takeda Pharmaceuticals U.S.A. (TPUSA) and Affymax, Inc. (Nasdaq:AFFY) today announced that Takeda Pharmaceuticals America, Inc. (TPA) has entered into a supply agreement for sourcing and supply of OMONTYS® (peginesatide) Injection to Fresenius Medical Care North America and certain of its affiliates. OMONTYS is the only once-monthly erythropoiesis-stimulating agent (ESA) for anemia available to the dialysis patient population with chronic kidney disease (CKD) in the United States.

The agreement, which ends in April 2013, allows Fresenius Medical Care North America to purchase OMONTYS for use in U.S. centers within its organization and provides for discounts and rebates on the product, subject to certain requirements.

Fresenius Medical Care North America has stated that its initial plans are to adopt the product into more than 100 dialysis centers in the U.S. over the next few weeks, and then, based on its experience, evaluate the potential to expand to additional centers. Financial terms were not disclosed.

"We are excited to partner with Fresenius Medical Care North America, one of the world's leading dialysis providers, to offer a new therapeutic option for the treatment of anemia in its chronic kidney disease patients on dialysis," said Nicole Mowad-Nassar, vice president, marketing at Takeda.

"As a biotechnology company dedicated to advancing new therapies for renal diseases, Affymax shares Fresenius Medical Care North America's commitment to innovation," stated John Orwin, chief executive officer of Affymax. "We are very pleased to support Fresenius Medical Care in these efforts to integrate OMONTYS into its organization and to collaborate with them moving forward."

33. On August 8, 2012, Affymax issued a press release entitled "Affymax Reports Second Quarter 2012 Financial Results." The press release stated, in pertinent part, as follows:

Affymax, Inc. today reported financial results for the second quarter ended June 30, 2012. The net loss for the second quarter of 2012 was $32.0 million (or ($0.89) per share) compared to a net loss of $12.5 million (or ($0.35) per share) for the second quarter of 2011.

Affymax recognized total revenue for the quarter ended June 30, 2012, of $2.8 million compared to $14.2 million for the quarter ended June 30, 2011. The decrease in revenue was the result of lower collaboration revenue recognized as a result of significant reductions in research and development expenses reimbursable by the company's partner, Takeda Pharmaceutical Company Limited.

Research and development expenses for the quarter ended June 30, 2012, were $13.0 million compared to $18.6 million for the quarter ended June 30, 2011. The decrease was primarily due to reduced consulting and personnel-related costs as a result of the completion of the filing of our New Drug Application for OMONTYS® (peginesatide) Injection with the U.S. Food and Drug Administration (FDA) in May 2011. This was partially offset by clinical trial activity for the company's Phase 3b trial.

Selling, general and administrative expenses for the quarter ended June 30, 2012, were $21.2 million compared to $8.1 million for the quarter ended June 30, 2011. The increase was primarily due to increases in commercialization costs, including personnel-related costs associated with the establishment of its field forces, as the company prepared for the launch and commercialization of OMONTYS.

The company had cash and investments of $119.2 million as of June 30, 2012.

"We continue to make solid progress since the approval of OMONTYS on March 27," said John Orwin, chief executive officer of Affymax. "Since that time, we established our medical affairs and commercial field forces, garnered a product specific Q-code from CMS which is now in effect and, in collaboration with Takeda, have secured supply contracts with multiple key dialysis customers. ***We look forward to reporting continued progress on adoption and integration of OMONTYS by dialysis providers."***

34. That same day, Affymax issued a second press release entitled "Takeda and Affymax Announce Supply Agreement for OMONTYS® (peginesatide) Injection with U.S. Renal Care, Inc." The second press release stated, in pertinent part, as follows:

> Takeda Pharmaceuticals U.S.A. and Affymax, Inc. today announced that Takeda Pharmaceuticals America, Inc. (TPA) has entered into a supply agreement for sourcing and supply of OMONTYS® (peginesatide) Injection with U.S. Renal Care, Inc. and certain of its affiliates, representing one of the top 10 dialysis providers in the United States (U.S.). OMONTYS is the only once-monthly erythropoiesis-stimulating agent (ESA) for anemia available to the dialysis patient population with chronic kidney disease (CKD) in the U.S.
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> The agreement allows U.S. Renal Care to purchase OMONTYS for use within its organization and provides for discounts and rebates on the product, subject to certain requirements. U.S. Renal Care has indicated that they plan to initially evaluate OMONTYS in selected centers, and then, based on experience, evaluate the potential to expand to additional centers. Financial terms were not disclosed.
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> "As we anticipated, there is interest from some of the world's leading dialysis providers to offer a new therapeutic option for the treatment of anemia in chronic kidney disease patients on dialysis," said Nicole Mowad-Nassar, vice president, marketing at Takeda.
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> "These centers are demonstrating an interest in offering new therapies and showing their commitment to innovation," stated John Orwin, chief executive officer of Affymax. "We intend to support their integration efforts ***and believe OMONTYS will prove to be a once-monthly alternative in their centers moving forward***."

35. On November 8, 2012, Affymax issued a press release entitled "Affymax Reports Third Quarter 2012 Financial Results." The press release stated, in pertinent part, as follows:

> Affymax, Inc. today reported financial results for the third quarter ended September 30, 2012. The net loss for the third quarter of 2012 was $24.6 million (or ($0.68) per share) compared to a net loss of $9.8 million (or ($0.28) per share) for the third quarter of 2011.
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> Affymax recognized total revenue for the quarter ended September 30, 2012, of $13.6 million compared to $13.2 million for the quarter ended September 30, 2011. Revenue for the quarter ended September 30, 2012 primarily consisted of a $10.4 million profit equalization payment earned from its partner, Takeda Pharmaceutical Company Limited (Takeda) related to OMONTYS® (peginesatide) Injection product sales during the period. OMONTYS net product sales, as provided by Takeda, were $15.0 million for the quarter. In addition, Affymax earned a $2.25 million milestone payment from Takeda during the quarter as a result of the commercial progress achieved with OMONTYS during its product launch. Revenue for the quarter ended September 30, 2011 consisted of a $10 million regulatory milestone payment from Takeda and pre-approval research and development and commercialization expenses reimbursable by Takeda.
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> Research and development expenses for the quarter ended September 30, 2012, were $11.4 million compared to $14.9 million for the quarter ended September 30, 2011. The decrease was primarily due to reduced consultant and personnel-related costs as

> a result of the completion of both the filing of the OMONTYS New Drug Application with the U.S. Food and Drug Administration (FDA) in May 2011 and the preparation for an FDA advisory committee meeting which occurred in December 2011. These decreases were partially offset by clinical trial activity for the company's Phase 3b trial during the current quarter.
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> Selling, general and administrative expenses for the quarter ended September 30, 2012, were $26.2 million compared to $8.2 million for the quarter ended September 30, 2011. The increase was primarily due to increases in commercial and medical affairs costs, including personnel-related costs associated with the establishment of its commercial and medical affairs field organizations, as the company continues to execute on the launch and commercialization of OMONTYS.
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> The company had cash and investments of $100.0 million as of September 30, 2012.

36. On January 3, 2013, Affymax issued a press release entitled "Affymax and Takeda Announce Permanent J-Code for OMONTYS® (peginesatide) Injection is in Effect – Code J0890 Effective As of January 1, 2013." The press release stated, in pertinent part, as follows:

> Affymax, Inc. and Takeda Pharmaceuticals U.S.A., Inc. today announced that the J-code assigned by the Centers for Medicare and Medicaid Services (CMS) for OMONTYS® (peginesatide) Injection is now effective. This permanent OMONTYS-specific billing code, J0890, will continue to provide for streamlined reimbursement for dialysis organizations prescribing OMONTYS. OMONTYS is the only once-monthly erythropoiesis-stimulating agent (ESA) for anemia available to the adult dialysis patient population with chronic kidney disease (CKD) in the United States (U.S.).
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> ***"We are excited by the strong level of interest in the dialysis community for OMONTYS," said John Orwin, chief executive officer, Affymax. "We believe the J-code complements our efforts to make this once-monthly therapy broadly available to the dialysis community, and importantly, to appropriate patients."***
>
> According to Nicole Mowad-Nassar, vice president, marketing at Takeda, "We are pleased to have an effective J-code in place approximately nine months following the approval of OMONTYS."

37. On January 7, 2013, Affymax issued a press release entitled "Takeda and Affymax Announce Supply Agreement for OMONTYS® (Peginesatide) Injection with DSI Renal." The press release stated, in pertinent part, as follows:

> Takeda Pharmaceuticals U.S.A., Inc. and Affymax, Inc. today announced that Takeda Pharmaceuticals America, Inc. (TPA) has entered into a supply agreement for sourcing and supply of OMONTYS® (peginesatide) Injection with DSI Renal, one of the largest dialysis providers in the United States (U.S.). OMONTYS is the only once-monthly erythropoiesis-stimulating agent (ESA) for anemia available to the adult dialysis patient population with chronic kidney disease (CKD) in the U.S.
>
> The agreement allows DSI Renal to purchase OMONTYS for use within its organization and provides for discounts and rebates on the product, subject to certain requirements. DSI Renal has indicated that they plan to initially evaluate

> OMONTYS in selected centers, and then, based on experience, evaluate the potential to expand to additional centers. Financial terms were not disclosed.
>
> ***"We look forward to working with DSI Renal as they integrate OMONTYS into their dialysis centers," stated John Orwin, chief executive officer of Affymax. "With this agreement, we now have supply agreements in place with five out of the six medium-sized dialysis organizations in the U.S."***

38. The true facts, which were known by the defendants but concealed from the investing public during the Class Period, were as follows:

(a) Affymax's FY 2012 financial guidance was materially overstated throughout the Class Period;

(b) sales of Omontys being reported throughout the Class Period were not sustainable; and

(c) defendants were materially overstating sales and understating the potential liabilities related to Omontys sales during the Class Period, including refunds and potential liability to injured patients.

39. On February 14, 2013, the price of Affymax stock dropped, opening at $11.60 per share on its disclosure, after the close of trading on February 13th, that "[o]n February 13, 2013, Fresenius Medical Care North America [had] communicated that it ha[d] accumulated experience with OMONTYS® (peginesatide) Injection in more than 56,600 administrations in over 18,000 patients in its dialysis facilities and that it will pause further expansion of the OMONTYS pilot that began in late July 2012." According to the Form 8-K Affymax filed with the SEC that day, Fresenius had "indicated that it will analyze the full set of efficacy and safety profile information and that the current scale of their experience with use of OMONTYS is adequate to complete this analysis." A letter from Fresenius was attached to the Company's filing with the SEC, which stated as follows:

> February 13, 2013
>
> Dear Colleagues:
>
> We are writing to provide an interim update on the status of our pilot to assess the use of OMONTYS® in the FMCNA dialysis facilities. The purpose of the commercial pilot is to determine the role of OMONTYS® as an alternative Erythropoiesis Stimulating Agent (ESA) on the FMCNA Formulary. The assessment

includes efficacy, safety and logistics related to this agent that was approved for use by the Food and Drug Administration at the end of March 2012.

We will now pause expansion of the pilot that began in late July 2012. We have accumulated experience in more than 56,600 administrations in over 18,000 unique patients. Two months into the FMCNA pilot program, the FDA released revised product information that added language similar to the prescribing information for EPOGEN® concerning the risk for allergic reactions, which we communicated to you in November 2012. To date, we have seen infrequent allergic reactions in our patient population receiving their first dose of OMONTYS®. Most of these reactions have been mild, but a small number have been serious. The rate of allergic reactions has been on the order of 1:1000 patients receiving a first dose of OMONTYS®. The vast majority of patients who are receiving the medication on an ongoing monthly basis are tolerating it well.

We are now working to analyze the full set of efficacy and safety profile information and feel that the current scale of our experience with use of the drug is adequate to complete this analysis. These results will be presented to our Corporate Medical Advisory Board with follow up reporting to our medical staff. In the meantime, this communication is to inform you of our confirmation of the adjusted prescribing information and the finding that such allergic reactions can occur in patients receiving the first dose of the drug. For patients on OMONTYS®, we recommend continued use of the agent as it has been providing effective anemia management. We plan to pause the rollout to additional facilities and patients at this time until the analyses are complete and reported to our medical staff. As many of you have become quite comfortable with the medication, physicians and facilities that have been using OMONTYS® who wish to continue prescribing it for new patients may choose to do so.

As we complete the analysis in the next week or two we plan to provide an update on the pilot experience and any future recommendations. I thank you for your participation in determining best protocols and practices around the use of OMONTYS® and we will update you with the analysis of our experience once complete.

With best regards,

Franklin W. Maddux, MD, FACP
Chief Medical Officer
Executive VP For Clinical and Scientific Affairs
Fresenius Medical Care North America

Jeffrey L. Hymes, MD
Associate Chief Medical Officer
Fresenius Medical Care North America

40. In response to this news, on February 14, 2013, Affymax stock closed down at $15.74 with more than 11 million shares trading that day.

41. Then suddenly, on Saturday, February 23, 2013, defendants issued a press release entitled "Affymax and Takeda Announce a Nationwide Voluntary Recall of All Lots of OMONTYS® (peginesatide) Injection." The press release stated, in pertinent part, as follows:

Affymax, Inc. and Takeda Pharmaceutical Company Limited today have decided to voluntarily recall all lots of OMONTYS® (peginesatide) Injection to the user level ***as a result of new postmarketing reports regarding serious hypersensitivity reactions, including anaphylaxis, which can be life-threatening or fatal. The companies have been working actively with the U.S. Food and Drug Administration (FDA) which has indicated its agreement with this decision. The companies have also issued a letter to health care professionals indicating that no new or existing patients should receive OMONTYS.***

To date, fatal reactions have been reported in approximately 0.02% of patients following the first dose of intravenous administration. The reported serious hypersensitivity reactions have occurred within 30 minutes after such administration of OMONTYS. There have been no reports of such reactions following subsequent dosing, or in patients who have completed their dialysis session. Since launch, more than 25,000 patients have received OMONTYS in the postmarketing setting. The rate of overall hypersensitivity reactions reported is approximately 0.2% with approximately a third of these being serious in nature including anaphylaxis requiring prompt medical intervention and in some cases hospitalization. The companies are actively investigating these cases. In the meantime, dialysis organizations are instructed to discontinue use. ***Customers will be provided instructions on how to return the product to the manufacturer for a refund***. . . .

42. As reported by *The Wall Street Journal* on February 25, 2013:

Affymax Inc. shares plunged 85% in midday trading Monday after reports of severe allergic reactions in some kidney-disease patients, including at least five deaths, prompted the company to recall its antianemia drug.

Chief Executive John A. Orwin said the company moved to pull the drug, called Omontys, after executives learned of three deaths in February tied to hypersensitivity, a sometimes fatal condition that can arise when the body's immune system reacts to drugs or other foreign intrusions, like bee stings.

Those fatalities followed two earlier deaths that observers had associated more closely with cardiovascular problems rather than allergic reactions.

It is too soon to determine how certain patients developed fatal reactions to the drug, Mr. Orwin told analysts on a conference call Monday, or to speculate on the company's next steps after the recall of its only major product.

"We really haven't identified the root cause of these reactions," Mr. Orwin said. "It's too early in our investigation, but we will look at every aspect of the product and the way it's been given."

Affymax and commercial partner Takeda Pharmaceutical Co. 4502.TO +0.21% disclosed the recall Saturday.

Shares of Affymax dropped $14.05 to $2.47 in early afternoon trading Monday, erasing about $525 million of market value. The stock earlier hit an all-time low of $2.34, roughly in line with the value of cash held on the company's books.

The recall shocked investors who had seen encouraging signs that the antianemia drug was making inroads as a cheaper and more convenient alternative to Amgen Inc.'s blockbuster Epogen, which holds a virtual monopoly in treating anemia in

> patients receiving dialysis. Shares of Amgen, a much larger biotech company, rose 4.5% to $90.74 in early afternoon trading.
>
> "At this point, the assumption is that the drug never comes back to the market, and that if it does come back to the market, it's not as successful as we'd all envisioned it would be," Piper Jaffray analyst Ian Somaiya said. "That's what the stock's pricing in today."
>
> The drug's prospects looked far brighter less than two weeks ago, when a unit of German medical device maker Fresenius Medical Care AG sent a letter suggesting that doctors comfortable with the treatment could continue administering it while Fresenius paused a pilot Omontys program to pore over its safety and effectiveness data.
>
> Fresenius, which treats about one-third of kidney-dialysis patients in the U.S., had treated about 18,000 patients with Omontys. The company earlier this month reported a "small number" of allergic reactions but didn't mention any patient deaths.
>
> ***The recall triggered a series of downgrades from analysts who have tied Affymax's value to the success of its new drug. The company has no other late-stage drugs in its pipeline.***
>
> ***"Very little can be said or done in the near term to repair this drug's reputation,"*** Christopher Raymond, an analyst for firm Robert W. Baird, wrote in a note to clients as he downgraded the stock to neutral.
>
> Affymax said about 25,000 patients received Omontys, of whom roughly 0.2%—about 50 patients—experienced hypersensitivity. According to Mr. Raymond, the number of Omontys incidents was 100-fold greater than Amgen's Epogen and the death rate was 8.5 times higher. "This analysis," the Baird analyst said, "isn't perfect, ***but we think the magnitude is such that there's a clear signal here."***
>
> Affymax executives on Monday said all the deceased patients had received the drug intravenously, though Omontys shots were administered too rarely to rule out that method as a risk. The fatalities were tied to more than one drug lot.
>
> ***Researchers had observed some hypersensitive reactions while testing the drug***, yet reported no deaths from that side effect.

43. On this news, the price of Affymax stock declined precipitously by ***more than 85%***, closing at $2.42 per share on February 25, 2013, down $14.10 from the prior Friday night's close, on unusually high trading volume.

NO SAFE HARBOR

44. Affymax's "Safe Harbor" warnings accompanying its reportedly forward-looking statements ("FLS") issued during the Class Period were ineffective to shield those statements from liability. Because most of the false and misleading statements related to existing facts or conditions, the Safe Harbor has no applicability. To the extent that known trends should have been included in

the Company's financial reports prepared in accordance with GAAP, they are excluded from the protection of the statutory Safe Harbor. 15 U.S.C. §78u-5(b)(2)(A).

45. The defendants are also liable for any false or misleading FLS pleaded because, at the time each FLS was made, the speaker knew the FLS was false or misleading and the FLS was authorized and/or approved by an executive officer and/or director of Affymax who knew that the FLS was false. In addition, the FLS were contradicted by existing, undisclosed material facts that were required to be disclosed so that the FLS would not be misleading. Finally most of the purported "Safe Harbor" warnings were themselves misleading because they warned of "risks" that had already materialized or failed to provide meaningful disclosures of the relevant risks.

ADDITIONAL SCIENTER ALLEGATIONS

46. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Affymax, their control over, and/or receipt of modification of Affymax's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Affymax, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE: FRAUD-ON-THE-MARKET DOCTRINE

47. At all relevant times, the market for Affymax's common stock was an efficient market for the following reasons, among others:

(a) Affymax's stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) according to the Company's Form 10-Q filed November 9, 2012, the Company had more than 37 million shares outstanding as of October 31, 2012. During the Class

Period, on average, 1.2 million shares of Affymax stock were traded on a daily basis, demonstrating a very active and broad market for Affymax stock and permitting a very strong presumption of an efficient market;

(c) Affymax was qualified to file a less comprehensive Form S-3 registration statement with the SEC that is reserved, by definition, to well-established and largely capitalized issuers for whom less scrutiny is required;

(d) as a regulated issuer, Affymax filed periodic public reports with the SEC;

(e) Affymax regularly communicated with public investors *via* established market communication mechanisms, including regular disseminations of press releases on the national circuits of major newswire services, the Internet and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;

(f) Affymax was followed by many securities analysts who wrote reports that were distributed to the sales force and certain customers of their respective firms during the Class Period. Each of these reports was publicly available and entered the public marketplace;

(g) numerous National Association of Securities Dealers ("NASD") member firms were active market-makers in Affymax stock at all times during the Class Period; and

(h) unexpected material news about Affymax was rapidly reflected in and incorporated into the Company's stock price during the Class Period.

48. As a result of the foregoing, the market for Affymax common stock promptly digested current information regarding Affymax from publicly available sources and reflected such information in Affymax's stock price. Under these circumstances, all purchasers of Affymax common stock during the Class Period suffered similar injury through their purchase of Affymax common stock at artificially inflated prices, and a presumption of reliance applies.

LOSS CAUSATION

49. During the Class Period, as detailed herein, defendants made false and misleading statements, and omitted material information, concerning Affymax's business fundamentals and engaged in a scheme to deceive the market. Defendants knowingly misstated the safety status of Omontys to improve the market's perception of Affymax's worth.

50. By artificially inflating and manipulating the price of Affymax stock, defendants deceived plaintiff and the Class and caused them losses when the truth was revealed. When defendants' prior misrepresentations and fraudulent conduct became apparent to the market during February 2013, it caused the price of Affymax stock to fall precipitously as the prior artificial inflation came out of the stock price. As a result of their purchases of Affymax securities during the Class Period, plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

CLASS ACTION ALLEGATIONS

51. This is a class action on behalf of those who purchased or otherwise acquired Affymax common stock between December 8, 2011 and February 22, 2013, inclusive, excluding defendants (the "Class"). Excluded from the Class are officers and directors of the Company as well as their families and the families of the defendants. Class members are so numerous that joinder of them is impracticable.

52. Common questions of law and fact predominate and include whether defendants: (a) violated the Exchange Act; (b) omitted and/or misrepresented material facts; (c) knew or recklessly disregarded that their statements were false; (d) artificially inflated the price of Affymax common stock; and (e) the extent of and appropriate measure of damages.

53. Plaintiff's claims are typical of those of the Class. Prosecution of individual actions would create a risk of inconsistent adjudications. Plaintiff will adequately protect the interests of the Class. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

COUNT I

For Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Against All Defendants

54. Plaintiff repeats and realleges the above paragraphs as though fully set forth herein.

55. Throughout the Class Period, defendants Affymax, Takeda and the Individual Defendants, in pursuit of their scheme and continuous course of conduct to inflate the market price of Affymax common stock, had the ultimate authority for making, and knowingly or recklessly

made, materially false or misleading statements or failed to disclose material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

56. During the Class Period, defendants Affymax, Takeda and the Individual Defendants, and each of them, carried out a plan, scheme, and course of conduct using the instrumentalities of interstate commerce and the mails, which was intended to and, throughout the Class Period did: (a) artificially inflate and maintain the market price of Affymax common stock; (b) deceive the investing public, including plaintiff and other Class members, as alleged herein; (c) cause plaintiff and other members of the Class to purchase Affymax common stock at inflated prices; and (d) cause them losses when the truth was revealed. In furtherance of this unlawful scheme, plan and course of conduct, defendants Affymax, Takeda and the Individual Defendants, and each of them, took the actions set forth herein, in violation of §10(b) of the Exchange Act and Rule 10b-5, 17 C.F.R. §240.10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

57. In addition to the duties of full disclosure imposed on defendants Affymax, Takeda and the Individual Defendants as a result of their affirmative false and misleading statements to the investing public, these defendants had a duty to promptly disseminate truthful information with respect to Affymax's operations and performance that would be material to investors in compliance with the integrated disclosure provisions of the SEC, including with respect to the Company's revenue and earnings trends, so that the market price of the Company's securities would be based on truthful, complete and accurate information. SEC Regulations S-X (17 C.F.R. §210.01, *et seq*.) and S-K (17 C.F.R. §229.10, *et seq*.).

58. Defendants Affymax, Takeda and the Individual Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein or acted with reckless disregard for the truth in that they failed to ascertain and disclose such facts, even though such facts were either known or readily available to them.

59. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts as set forth above, the market price of Affymax common stock was artificially inflated during the Class Period. In ignorance of the fact that the market price of

Affymax common stock was artificially inflated, and relying directly or indirectly on the false and misleading statements made knowingly or with deliberate recklessness by defendants Affymax, Takeda and the Individual Defendants, or upon the integrity of the market in which the shares traded, plaintiff and other members of the Class purchased Affymax stock during the Class Period at artificially high prices and, when the truth was revealed, were damaged thereby.

60. Had plaintiff and the other members of the Class and the marketplace known of the true facts, which were knowingly or recklessly concealed by defendants Affymax, Takeda and the Individual Defendants, plaintiff and the other members of the Class would not have purchased or otherwise acquired their Affymax shares during the Class Period, or if they had acquired such shares during the Class Period, they would not have done so at the artificially inflated prices which they paid.

61. By virtue of the foregoing, defendants Affymax, Takeda and the Individual Defendants have violated §10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. 17 C.F.R. §240.10-5.

COUNT II

For Violation of §20(a) of the Exchange Act Against the Individual Defendants

62. Plaintiff repeats and realleges the above paragraphs as though fully set forth herein.

63. The Individual Defendants had control over Affymax and made the material false and misleading statements and omissions on behalf of Affymax within the meaning of §20(a) of the Exchange Act as alleged herein. By virtue of their controlling shareholder status, executive positions, board membership, and stock ownership, and their culpable participation, as alleged above, the Individual Defendants had the power to influence and control and did, directly or indirectly, influence and control the decision making of the Company, including the content and dissemination of the various statements which plaintiff contends were false and misleading. The Individual Defendants were provided with or had unlimited access to the Company's internal reports, press releases, public filings, and other statements alleged by plaintiff to be misleading prior

to or shortly after these statements were issued, and had the ability to prevent the issuance of the statements or cause them to be corrected.

64. In particular, the Individual Defendants had direct involvement in and responsibility over the day-to-day operations of the Company and, therefore, are presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein.

65. By reason of such wrongful conduct, the Individual Defendants are liable pursuant to §20(a) of the Exchange Act. As a direct and proximate result of the Individual Defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of the Company's common stock during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, on behalf of himself and the Class, prays for judgment as follows:

A. Determining that this action is a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and plaintiff's counsel as Lead Counsel;

B. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Awarding such other and further relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED:

Attorneys for Plaintiff