UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF PENNSYLVANIA

BYRON BRANDT, Individually and on Behalf of All Other Persons Similarly Situated, Plaintiff, v. UNILIFE CORPORATION, ALAN D. SHORTALL, R. RICHARD WIELAND, and RAMIN MOJDEH, Defendants,	**Civil Action No.:** **JURY TRIAL DEMANDED** **ELECTRONICALLY FILED**

CLASS ACTION COMPLAINT

Plaintiff Byron Brandt ("Plaintiff"), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the defendants' public documents, conference calls

and announcements made by defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Unilife Corporation ("Unilife" or the "Company"), analysts' reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than defendants who purchased Unilife securities between July 13, 2011 and September 9, 2013, inclusive (the "Class Period"), seeking to recover damages caused by defendants' violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder against the Company and certain of its top officials.

2. Unilife designs and manufactures medical devices. The Company produces retractable syringes. Unilife markets its products to pharmaceutical manufacturers, suppliers of medical equipment to healthcare facilities, as well as patients who self-administer prescription medication.

3. On August 30, 2013, a former Unilife employee named Talbot Smith filed a complaint against the Company alleging that Unilife terminated his employment for reporting various regulatory violations to the appropriate authorities. For example, Smith alleges that the Company purposefully ran fake production at the Company's facility in order to lead visiting investors to believe that demand for the Company's products were high. Moreover, according to Smith, the Company purposefully suppressed internal reports demonstrating that the cost of developing the Company's syringes was higher than the price the Company was able to sell to customers. In addition, the complaint alleged that the Company failed to comply with the Food and Drug Administration's ("FDA") required validation process.

4. On September 3, 2013, Forbes published an article concluding that the Company's main manufacturing facility is operating at 3% of capacity, or roughly 2 million syringes per annum. Thus, the "state-of-the-art plant is a desultory affair, with robotic assembly arms and a half-dozen white-gloved workers in blue clean-room suits and safety glasses tossing plungers from a conveyor belt into a bucket; two others sort needles and insert them into syringes…. But not worth much if there's no one to sell it to."

5. On this news, Unilife securities, traded on the NASDAQ Global Market, declined $0.52 per share or more than 14%, to close at $3.03 per share on September 4, 2013.

6. Throughout the Class Period, Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) the Company's Unifill syringes failed to comply with the FDA's validation processes; (2) the Company's Quality Management System failed to comply with FDA regulations; (3) the Company purposefully increased its purchases of Unifill component parts to make suppliers believe that Unilife was producing at increased volumes despite the fact that there was no customer demand or manufacturing capacity to support such purchases; and (4) as a result of the foregoing, the Company's statements were materially false and misleading at all relevant times.

7. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

8. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5).

9. This Court has jurisdiction over the subject matter of this action pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1331.

10. Venue is proper in this District pursuant to §27 of the Exchange Act, 15 U.S.C. §78aa and 28 U.S.C. §1391(b) as the Company's headquarters are located in this District.

11. In connection with the acts, conduct and other wrongs alleged in this Complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

12. Plaintiff, as set forth in the attached Certification, purchased Unilife securities at artificially inflated prices during the Class Period and has been damaged upon the publication of the alleged corrective disclosures.

13. Defendant Unilife is a Delaware corporation with its headquarters located at 250 Cross Farm Lane, York, PA 17406. Its common stock is traded on the NASDAQ Global Market ("NASDAQ") under the ticker symbol "UNIS."

14. Defendant Alan D. Shortall ("Shortall") has served at all relevant times as the Company's Chief Executive Officer.

15. Defendant R. Richard Wieland ("Wieland") has served at all relevant times as the Company's Executive Vice President and Chief Financial Officer.

16. Defendant Ramin Mojdeh ("Mojdeh") has served at all relevant times as the Company's Executive Vice President and Chief Operating Officer.

17. The defendants referenced above in ¶¶ 13 - 16 are sometimes referred to herein as the "Individual Defendants."

SUBSTANTIVE ALLEGATIONS

Background

18. Unilife is a U.S. based developer and commercial supplier of injectable drug delivery systems. The Company attempts to build long-term collaborations with pharmaceutical and biotechnology companies seeking to utilize its purported innovative and highly differentiated devices to enable or enhance the clinical development, regulatory approval and lifecycle where they can be integrated into the filling and packaging processes utilized for a target injectable drug or vaccine.

Materially False and Misleading
Statements Issued During the Class Period

19. On July 13, 2011, the Company issued a press release entitled, "Unilife Commences Initial Supply of the Unifill Syringe to Sanofi." Specifically, the press release stated the following in relevant part:

> Unilife Corporation ("Unilife" or the "Company") (NASDAQ: UNIS; ASX: UNS) today announced it has commenced the initial supply of validated product of the Unifill® syringe to Sanofi, as per the terms of the industrialization agreement between both parties.
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> Since signing the Exclusive Agreement in July 2008, Sanofi has paid Unilife a total of approximately $40 million, comprising a $16 million (euro 10 million) fee in exchange for the exclusive right to negotiate the purchase of the Unifill syringe, and to help fund the Industrialization Program for the device up to a maximum of $24 million (euro 17 million). Sanofi has secured exclusivity for the Unifill syringe within the full therapeutic classes of antithrombotic agents and vaccines, plus an additional four smaller sub-groups, until June 30, 2014.
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> Unilife is now in a position to also commence initial sales of the Unifill syringe to other pharmaceutical companies. Upon the receipt of the Unifill syringe, these pharmaceutical customers will typically conduct drug compatibility and stability studies that will test the device in combination with their injectable drugs. The resulting data is then filed as the last step in completing the regulatory process for the drug-device combination product.

20. On July 19, 2011, the Company issued a press release entitled, "Unilife Starts Unifill Syringe Sales to Another Pharmaceutical Customer." Specifically, the press release stated the following in relevant part:

> Unilife Corporation ("Unilife" or the "Company") (NASDAQ: UNIS; ASX: UNS) today announced it has commenced the initial sale of the

> Unifill® ready-to-fill syringe to a U.S.-based global pharmaceutical company.
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> The commencement of Unifill sales to this new customer, whose identity remains confidential at this time, follows the initial shipment of the device to Sanofi last week. Unilife continues to expand its customer pipeline as an increasing number of pharmaceutical companies seek access to Unifill for the delivery of their prefilled injectable drugs.
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> Unilife expects this new U.S.-based pharmaceutical customer to conduct drug compatibility and stability tests with their injectable drugs in combination with Unifill as per standard industry practices for drug-device combination products. The resulting data is then filed to regulatory agencies as a final step before approval.
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> Mr. Alan Shortall, CEO of Unilife, said, "Unilife is pleased to have commenced initial sales of the Unifill syringe to another global pharmaceutical company. We expect to continue supplying the Unifill syringe to this customer over the coming months to support their drug compatibility and stability tests with a number of target molecules.

21. On August 30, 2011, the Company issued a press release announcing its financial results for the fourth quarter and fiscal year ended June 30, 2011. For the quarter, the Company reported a net loss of $10.5 million, or ($0.10) diluted earnings per share ("EPS") and total revenues of $695,000, compared to a net loss of $9.7 million or ($0.11) diluted EPS and total revenues of $2.7 million for the same period a year ago. For the fiscal year, the Company reported a net loss of $40.7 million, or ($0.47) diluted EPS and total revenues of $6.7 million, compared to a net loss of $29.8 million or ($0.31) diluted EPS and total revenues of $11.4 million for the same period a year ago.

22. On September 13, 2011, the Company filed an annual report for the period ended June 30, 2011 on a Form 10-K with the SEC signed by, among others, Defendants Shortall and Wieland, and reiterated the Company's previously reported financial results and financial position. In addition, the Form 10-K contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") by Defendants Shortall and Wieland stating that the financial information contained in the Form 10-K was accurate, and disclosed any material changes to the Company's internal control over financial reporting.

23. The Form 10-K stated the following in relevant part concerning the Company's manufacturing:

> Our center of operations is a state-of-the-art manufacturing facility located in York, Pennsylvania. This state-of-the-art facility serves as an integrated center for device innovation, bringing together the people, production systems, design expertise and quality processes necessary to design and develop best-in-class drug delivery systems. Designed by architects who have substantial experience in designing facilities used to develop, produce and supply medical devices, the FDA-registered site plays a key role in ensuring that we comply with stringent internal and industry standards for quality and reliability.
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> Activities undertaken at the site include device design, rapid prototyping, pilot and commercial production, bioanalytical testing, packaging, quality assurance and supply chain. All activities at Unilife are guided by advanced business systems, such as SAP ERP, that complement those of pharmaceutical companies. Our Quality Management System is fully certified to ISO 13485 and operates in

> compliance with 21 CFR 210/211 for pharmaceuticals and 21 CFR 820 for medical devices.
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> We source the production of components and other raw materials utilized in the production of our proprietary devices under written contracts with a variety of suppliers, all of which specialize in the medical device and pharmaceutical sectors. These components are shipped to our York, Pennsylvania facility for quality review, assembly, qualification and packaging.
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> Due to an initial requirement for only limited production volumes of components which comprise the Unifill syringe, we currently receive a majority of components, such as rubber seals and glass barrels, from a single-source supplier. To support the industrialization program for this product and further strengthen our supply chain in the long-term, we intend to establish, wherever feasible, a dual-source strategy for the production of key components, raw materials and related services. The companies we expect to appoint for the production and supply of items and related services pertaining to the Unifill syringe all have an established presence in the international drug delivery market, with the majority having facilities in North America and/or Europe. It is our intention to utilize United States made components whenever possible.

24. On November 9, 2011, the Company issued a press release announcing its financial results for the first quarter ended September 30, 2011. For the quarter, the Company reported a net loss of $9.7 million, or ($0.16) diluted EPS and total revenues of $2.1 million, compared to a net loss of $7.2 million or ($0.14) diluted EPS and total revenues of $3.5 million for the same period a year ago.

25. On November 9, 2011, the Company filed a quarterly report for the period ended September 30, 2011 on a Form 10-Q with the SEC signed by

Defendant Wieland, which reiterated the Company's previously reported financial results and financial position. In addition, the Form 10-Q contained signed certifications pursuant to SOX by Defendants Shortall and Wieland, stating that the financial information contained in the Form 10-Q was accurate, and disclosed any material changes to the Company's internal control over financial reporting.

26. On February 9, 2012, the Company issued a press release announcing its financial results for the second quarter ended December 31, 2011. For the quarter, the Company reported a net loss of $12.9 million, or ($0.19) diluted EPS and total revenues of $912,000, compared to a net loss of $10.4 million or ($0.19) diluted EPS and total revenues of $1.8 million for the same period a year ago.

27. On February 9, 2012, the Company filed a quarterly report for the period ended December 31, 2011 on a Form 10-Q with the SEC signed by Defendant Wieland, which reiterated the Company's previously reported financial results and financial position. In addition, the Form 10-Q contained signed certifications pursuant to SOX by Defendants Shortall and Wieland stating that the financial information contained in the Form 10-Q was accurate, and disclosed any material changes to the Company's internal control over financial reporting.

28. On April 26, 2012, the Company issued a press release announcing its financial results for the third quarter ended March 31, 2012. For the quarter, the Company reported a net loss of $14.9 million, or ($0.21) diluted EPS and total

revenues of $1.3 million compared to a net loss of $12.5 million or ($0.20) diluted EPS and total revenues of $650,000 for the same period a year ago.

29. On May 10, 2012, the Company filed a quarterly report for the period ended March 31, 2012 on a Form 10-Q with the SEC signed by Defendant Wieland, which reiterated the Company's previously reported financial results and financial position. In addition, the Form 10-Q contained signed certifications pursuant to SOX by Defendants Shortall and Wieland stating that the financial information contained in the Form 10-Q was accurate, and disclosed any material changes to the Company's internal control over financial reporting.

30. On July 30, 2012, the Company issued a press release announcing its financial results for the fourth quarter and fiscal year ended June 30, 2012. For the quarter, the Company reported a net loss of $14.9 million, or ($0.21) diluted EPS and total revenues of $1.2 million compared to a net loss of $10.5 million or ($0.17) diluted EPS and total revenues of $650,000 for the same period a year ago. For the year, the Company reported a net loss of $52.3 million, or ($0.78) diluted EPS and total revenues of $5.5 million compared to a net loss of $40.7 million or ($0.70) diluted EPS and total revenues of $6.7 million for the same period a year ago.

31. On September 13, 2012, the Company filed an annual report for the period ended June 30, 2012 on a Form 10-K with the SEC signed by, among

others, Defendants Shortall and Wieland, which reiterated the Company's previously reported financial results and financial position. In addition, the Form 10-K contained signed certifications pursuant to SOX by Defendants Shortall and Wieland stating that the financial information contained in the Form 10-K was accurate, and disclosed any material changes to the Company's internal control over financial reporting.

32. The Form 10-K stated the following in relevant part concerning the Company's manufacturing:

> Our center of operations is a state-of-the-art manufacturing facility located in York, Pennsylvania. This FDA-registered facility serves as an integrated center for device innovation, bringing together the people, production systems, design expertise and quality processes necessary to design and develop best-in-class drug delivery systems. Designed by architects who have substantial experience in designing facilities used to develop, produce and supply medical devices, the facility plays a key role in ensuring that we comply with stringent internal and industry standards for quality and reliability.
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> Activities undertaken at the site include device design, rapid prototyping, pilot and commercial production, bio-analytical testing, packaging, quality assurance and supply chain. All activities at Unilife are guided by advanced business systems, such as SAP ERP, that complement those of pharmaceutical companies. Our Quality Management System is fully certified to ISO 13485 and operates in compliance with 21 CFR 210/211 for pharmaceuticals and 21 CFR 820 for medical devices.
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> We source the production of components and other raw materials utilized in the production of our proprietary devices under written contracts with a variety of suppliers, all of which specialize in the

> medical device and pharmaceutical sectors. These components are shipped to our York, Pennsylvania facility for quality review, assembly, qualification and packaging. All of our proprietary devices are assembled by us at our York, PA facility utilizing pilot or commercial assembly systems.

33. On November 8, 2012, the Company issued a press release announcing its financial results for the first quarter ended September 30, 2012. For the quarter, the Company reported a net loss of $12.5 million, or ($0.16) diluted EPS and total revenues of $692,000, compared to a net loss of $9.7 million or ($0.16) diluted EPS and total revenues of $2.1 million for the same period a year ago.

34. On November 8, 2012, the Company filed a quarterly report for the period ended September 30, 2012 on a Form 10-Q with the SEC signed by Defendant Wieland, which reiterated the Company's previously reported financial results and financial position. In addition, the Form 10-Q contained signed certifications pursuant to SOX by Defendants Shortall and Wieland stating that the financial information contained in the Form 10-Q was accurate, and disclosed any material changes to the Company's internal control over financial reporting.

35. On February 11, 2013, the Company issued a press release announcing its financial results for the second quarter ended December 31, 2012. For the quarter, the Company reported a net loss of $14.6 million, or ($0.19) diluted EPS and total revenues of $699,000, compared to a net loss of $12.9

million or ($0.19) diluted EPS and total revenues of $912,000 for the same period a year ago.

36. On February 11, 2013, the Company filed a quarterly report for the period ended December 31, 2012 on a Form 10-Q with the SEC signed by Defendant Wieland, which reiterated the Company's previously reported financial results and financial position. In addition, the Form 10-Q contained signed certifications pursuant to SOX by Defendants Shortall and Wieland stating that the financial information contained in the Form 10-Q was accurate, and disclosed any material changes to the Company's internal control over financial reporting.

37. On May 9, 2013, the Company issued a press release announcing its financial results for the second quarter ended March 31, 2013. For the quarter, the Company reported a net loss of $14 million, or ($0.17) diluted EPS and total revenues of $685,000, compared to a net loss of $14.9 million or ($0.21) diluted EPS and total revenues of $1.3 million for the same period a year ago.

38. On May 10, 2013, the Company filed a quarterly report for the period ended March 31, 2013 on a Form 10-Q with the SEC signed by Defendant Wieland, which reiterated the Company's previously reported financial results and financial position. In addition, the Form 10-Q contained signed certifications pursuant to SOX by Defendants Shortall and Wieland stating that the financial

information contained in the Form 10-Q was accurate, and disclosed any material changes to the Company's internal control over financial reporting.

39. The statements referenced in ¶¶ 19 - 38 above were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts, which were known to defendants or recklessly disregarded by them, including that: (1) the Company's Unifill syringes failed to comply with the FDA's validation processes; (2) the Company's Quality Management System failed to comply with FDA regulations; (3) the Company purposefully increased its purchases of Unifill component parts to make suppliers believe that Unilife was producing syringes at increased volumes despite the fact that there was no customer demand or manufacturing capacity to support that level of purchases; and (4) as a result of the foregoing, the Company's statements were materially false and misleading at all relevant times.

THE TRUTH EMERGES

40. On September 4, 2013, Forbes published an article entitled, "How Is A $329M Syringe Company Still Unprofitable After 11 Years?". Specifically, the article disclosed the following in relevant part:

> Punctured by facts, the hype collapses. In the fiscal year ended June 30 Unilife lost $63.2 million on revenue of $2.7 million, selling syringes in different devices that deliver medications. The income from the one big contract it ever scored–a multiyear, $40 million deal with Sanofi SNY +1.35%, the French pharma–has all but ended. The

> brightest prospect Shortall shares with investors is with a development-stage drugmaker that's never earned a nickel. Yet Shortall is indefatigable. "The wearable injector alone," he says referring to a line of syringes, "is a billion-dollar franchise."
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> Unilife is a parable of broken promises, Keystone Kop-like execution, self-enrichment by top executives–and the triumph of story over substance. "Shortall doesn't have any medical background. He's not a technical guy. He doesn't have a finance background," says a former Unilife executive. "His position is as an entrepreneurial sales guy getting out there and selling the dream."
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> Could he one day score big? If his pitchman's bluff turns into actual business. "Some of the deals we're going to be rolling out," he told analysts in May, "will be a number of what I would consider very, very large transactions." Unilife shares doubled after his comments, though since then he has identified just one signed contract–with Biodel BIOD -0.26%, a tiny specialty drug company that has lost $199 million on zero sales since 2003. Unilife claims the deal is worth up to $110 million over 15 years. Moreover, it insists it "is in advanced negotiations with many pharmaceutical companies regarding long-term contracts."
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> "The promises. If you were the SEC and you were calling me, that's what I'd tell you to look at. All those promises," says one Wall Streeter who follows Unilife and regularly records Shortall's quotes on a whiteboard. Like everyone else, he's still waiting for them to come true.

41. On this news, Unilife securities declined $0.52 per share or more than 14%, to close at $3.03 per share on September 4, 2013.

42. On September 9, 2013, Forbes published another article entitled, "Unilife: Former Executive's New Lawsuit Alleges Investor Fraud, SEC Violations." Specifically, the article disclosed the following in relevant part:

A newly filed lawsuit by a former Unilife UNIS -2.19% executive raises fresh concerns about the company and deepens the mystery around the 11-year-old syringe manufacturer, which was recently profiled in a FORBES investigation.

The ex-employee, Talbot Smith, worked as a vice president overseeing Unilife's supply chain when, he alleges, the company fired him after he says he raised issues internally and later blew the whistle to the SEC. (Regulators wouldn't comment for this story.) Smith worked at Unilife from September 2011 until August 2012, and according to him, he approached the government first in July 2012 and had raised his concerns with his bosses, including using an ethics-complaint hotline that went directly to the board of directors. Eventually, Smith says, Unilife hounded him out of the building—first changing his duties and instructing other employees not to speak to him, then eventually firing him.

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When Smith started, he says he was led to believe "that the Unifill product," the company's retractable syringe, "had been validated as required by FDA regulations and that commercial shipments had been made to Sanofi SNY +1.35%," the French pharmaceutical giant that paid for the Unifill's development. These comments had been made publicly too, in a July 13 press release. As a matter of fact, Unilife four days later issued another press release that said it had started the "initial sale of the Unifill … to a U.S.-based global pharmaceutical company," too. In reality, Smith says, Unilife didn't fully complete FDA validation until March 2012. (The FDA wouldn't comment, referencing policy against speaking about litigation.) Nor, Smith says, were raw materials validated by the supplier when he began in 2011.

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Sloppy operations isn't the end of Smith's allegations. He contends the company deliberately misled investors. When investors visited the facility, Smith says, Unilife ran fake production, turning the rural Pennsylvania factory into something like a Potemkin Village. According to the complaint, scrap went through the assembly line "to make it appear that Unilife was making product when it was not." Finally, Smith says, workers carted product to the warehouse doors,

> where it rested on skids, giving the "false appearance that product was being packaged and sent to customers when it was not." When I visited, the factory was indeed in use, though large corners of the clean rooms were empty, and not a soul could be found in a massive storage wing stacked from floor to ceiling with pallets loaded with raw materials.
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> Smith's direct boss, COO Mojdeh, allegedly played a direct role in hoodwinking investors: according to the complaint, Mojdeh ordered Smith to purchase 1 million components a month for making the retractable syringe, though, Smith says, customer demand didn't justify it. The purpose? "To make suppliers believe that Unilife was manufacturing at this volume, with the hope that the information would leak to financial markets."
>
> Smith paints an uneven picture of Mojdeh. In one moment, Mojdeh allegedly rebukes Smith for too closely following FDA rules that slowed the company's progress and instructed him to avoid putting "any concerns into emails because they could be used against the company in future legal action." But even as these comments make Mojdeh appear a stern taskmaster, Smith recounts in the complaint a farcical time when, he says, Mojdeh and a top scientist blundered into the production area—violating "numerous" clean room procedures.

43. Attached as an exhibit to his complaint was a letter sent by Smith to Unilife's Board of Directors outlining his main concerns with the Company's practices:

> Stock fraud. In June and July of 2011, Unilife issued press releases indicating that the company had shipped validated, commercial Unifill product to Sanofi and to another unnamed pharmaceutical company (BMS). However, this information was false and misleading. In fact, the validation activities and the associated documentation required by the FDA were not completed and signed off until late March, 2012. There is an interesting problem here, for if Alan Shortall and Ramin Mojdeh wish to claim that the press release is truthful they must simultaneously admit to shipping "adulterated" product contrary to

FDA regulations. Alternately, if they wish to claim that they complied with FDA regulations then they must admit to provide false information to shareholders.

Stock fraud and/or misuse of company resources. Ramin directed purchasing to buy 1,000,000 Unifill components per month in spite of the fact that there was no customer demand or manufacturing capacity to support this level of purchasing. His stated objective was to make suppliers believe that Unilife was producing at these volumes on the expectation that this would leak to the financial markets. This action resulted in a warehouse which is literally overflowing with millions of dollars of components that are now obsolete due to product design changes. In spite of their obsolescence, Ramin and Jyoti will not allow these components to be disposed of. There is also approximately $500,000 of Unifill barrels that were received defective from the supplier and due to Jyoti's inaction/poor decisions cannot be returned for credit.

Suppression of negative information. I am aware of at least one specific incident where Alan Shortall directed employees to suppress information that indicated that Unifill would not be profitable (or barely so) at the price that Sanofi was expected to be willing to pay. Unilife has also failed to disclose or even acknowledge internally that there are serious design and manufacturing issues with Unifill that likely preclude customer shipments in any volume and with any reasonable gross margin.

Compromise of the Quality System. There are numerous violations and questionable or high risk actions with respect to FDA regulation and product quality in general. These include:

a. Both Ramin and Jyoti have directed employees to ship unreleased or defective product to customers.
b. Unitract product was provided to Jyoti for use in the RV tour this summer with the clear instruction that each piece be marked as not fit for human use (due to issues with the product). Jyoti failed to do this and the product was observed on the RV with only an identification as marketing samples on the cartons.
c. Jyoti directed Quality Control employees to falsify documents to give the appearance that certain test methods existed when they in fact did not.

d. Jyoti demanded to assume control for the NCR and CAPA process and ordered Quality to stop opening new NCR's, in violation of FDA rules.
e. The design review for Unifill was conducted by Ramin and Jyoti in such a way as to not allow those required to sign off ample time to review the information or the related data. Based on subsequent events, it is apparent that the activities necessary for sign-off were in fact not complete at the documents were signed, that a serious quality issue was covered up by Jyoti, and there is good reason to believe that falsification of records occurred. In at least one case Jyoti directed her team to conduct testing on old, defective batches with no lot traceability, in order to create data.
f. Jyoti attempted to have members of her team sort two of the PQ (validation) batches for Unifill subsequent to the design review above. This was an attempt to hide the fact that the needle shields on the syringes were falling off sometime after manufacture, a fact that was known to her during design review and should have precluded sign-off. Jyoti attempted to prevent manufacturing from following proper procedure to open an NCR and conduct a rework to address the issue. The rework ultimately rejected five out of six tubs of product as having at least one defect.
g. The reorganization and reduction in force orchestrated by Ramin and Jyoti on June 14th and 15th compromised the independence and authority of the quality system by making it subject to Jyoti and eliminating key positions such that there was no longer an appropriate number of people or level of skill to comply with FDA requirements. Given Jyoti's track record as noted above and general lack of understanding of the Quality System it is absolutely ludicrous to subordinate any portion of Quality to her.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

44. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Unilife securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective

disclosures. Excluded from the Class are defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

45. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Unilife securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Unilife or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

46. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

47. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

48. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by defendants' acts as alleged herein;
- whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Unilife;
- whether the Individual Defendants caused Unilife to issue false and misleading financial statements during the Class Period;
- whether defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of Unilife securities during the Class Period were artificially inflated because of the defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

49. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

50. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Unilife securities are traded in efficient markets;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ, and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased and/or sold Unilife securities between the time the defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

51. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

COUNT I

(Against All Defendants For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder)

52. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

53. This Count is asserted against defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

54. During the Class Period, defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Unilife securities; and (iii) cause Plaintiff and other members of the Class to purchase Unilife securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

55. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other

statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Unilife securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Unilife's finances and business prospects.

56. By virtue of their positions at Unilife, defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to defendants. Said acts and omissions of defendants were committed willfully or with reckless disregard for the truth. In addition, each defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

57. Information showing that defendants acted knowingly or with reckless disregard for the truth is peculiarly within defendants' knowledge and control. As the senior managers and/or directors of Unilife, the Individual Defendants had knowledge of the details of Unilife internal affairs.

58. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Unilife. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Unilife's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Unilife securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Unilife's business and financial condition which were concealed by defendants, Plaintiff and the other members of the Class purchased Unilife securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by defendants, and were damaged thereby.

59. During the Class Period, Unilife securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased shares of Unilife securities at prices artificially inflated by

defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased said securities, or would not have purchased them at the inflated prices that were paid. At the time of the purchases by Plaintiff and the Class, the true value of Unilife securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Unilife securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

60. By reason of the conduct alleged herein, defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

61. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against The Individual Defendants)

62. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

63. During the Class Period, the Individual Defendants participated in the operation and management of Unilife, and conducted and participated, directly and indirectly, in the conduct of Unilife's business affairs. Because of their senior positions, they knew the adverse non-public information about Unilife's misstatement of income and expenses and false financial statements.

64. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Unilife's financial condition and results of operations, and to correct promptly any public statements issued by Unilife which had become materially false or misleading.

65. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Unilife disseminated in the marketplace during the Class Period concerning Unilife's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Unilife to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Unilife within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Unilife securities.

66. Each of the Individual Defendants, therefore, acted as a controlling person of Unilife. By reason of their senior management positions and/or being directors of Unilife, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Unilife to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Unilife and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

67. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Unilife.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against defendants as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

B. Requiring defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

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

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Respectfully submitted,

Dated: November 1, 2013

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