March 2014

Compass Lexecon's Client Newsletter for 2013

Every year for the past few years we have begun this annual newsletter with the statement that the year was more successful than any previous year. This year we are once again proud to announce that 2013 was the best year by far in Compass Lexecon's history.

We continued to be hired in the highest percentage of the biggest, most complex cases and mergers around the globe. For example, we worked on the most important mergers of the past year: US Airways/American Airlines; OfficeMax/Office Depot; AB Inbev/Grupo Modelo; Comcast/Time Warner Cable, and Omnicom/Publicis. In antitrust litigation, we were similarly involved in the most important antitrust litigation matters, including the Rail Freight Fuel Surcharge Antitrust Litigation; LCD Price Fixing Litigation; U.S. v. Apple, among many others.

Our finance practice and general litigation practice enjoyed similar success as we continued to be the firm of choice when economic experts are required in major litigation. We were immersed in major litigation including multiple matters arising out of the BP oil spill, various major residential mortgage-backed security and derivatives matters, disputes arising from the 9/11 terrorist attack on the World Trade Center, civil and criminal insider trading matters, multi-billion dollar fraudulent conveyance litigation, foreign exchange disputes, the economics of the pension crisis for governmental entities, LIBOR litigation, takings cases, Delaware Chancery merger, appraisal and damages litigation, and insurance/reinsurance disputes, to name just a few examples. We also continued to expand our expertise in intellectual property matters and were involved in a number of high profile cases in the IP space this year.

Our international arbitration practice continues to thrive and grow. Eleven Compass Lexecon team members from three continents were recognized in a survey of general counsel and private practice lawyers globally as among the top international commercial arbitration experts in the world with quotes like "phenomenal," "distinguished," "great under cross-examination," "one of the most popular appointments in valuation of investment arbitration," and having a "insight and intelligence."

We also expanded our pool of affiliated experts. We strengthened our antitrust practice with the acquisition of Princeton Economics Group, which added University of Virginia Professor Kenneth Elzinga to our team of Senior Consultants. We also added three other world-renowned experts, Jonathan Arnold, former Chief Economist for the New York State Attorney General and a loss causation and economic damages expert, Professor Robert Daines of Stanford University, a corporate governance and finance expert, as well as Professor Tim Simcoe of Boston University, a patent and IP expert. In addition, we continued to work with and provide support for other world-class experts including Nobel Laureates Professors James Heckman and Robert Engle and Professors G. William Schwert, Gordon Klein, Roman Weil, Anthony Saunders, James Barth, and Scott Meadow.

Finally, we continued to expand in 2013 to better serve the needs of our clients. We now have 17 offices in seven countries and more than 400 professional staff, including more than 135 Ph.D. economists.

The highlights of our consulting practice since our last annual newsletter are described below.[1]

LITIGATION

Bank of America $8.5 Billion Settlement Approval Hearing

Compass Lexecon was retained by counsel for Bank of New York Mellon (BNYM) as Trustee to evaluate a proposed $8.5 billion settlement between 530 Residential Mortgage Backed Securities (RMBS) Trusts and Bank of America (B of A). The Trusts had purchased mortgage backed securities from Countrywide prior to its acquisition by B of A. After the securities performed worse than expected, a group of institutional investors and B of A, with assistance from BNYM, negotiated a proposed settlement whereby B of A would pay $8.5 billion to the Trusts as well as agree to certain servicing improvements and other remedies. The New York State Supreme Court was then asked to approve the settlement. Numerous investors in the 530 Trusts lodged objections claiming the settlement was unfair and that BNYM was conflicted and acted in bad faith in negotiating and agreeing to the settlement. Compass Lexecon's President Professor Daniel Fischel filed multiple reports and testified at the several months long hearing that the settlement was fair and reasonable. He showed that the lack of any conflict, the substantial uncertainty about the value of the claims, the questionable ability to recover in litigation given the substantial Countrywide bankruptcy risk, and the reaction of market participants to the proposed settlement supported its fairness. Compass Lexecon's new affiliate, Professor Robert Daines, also testified at the hearing. He explained among other things that the Trusts would be unlikely to recover from B of A on a successor liability or other theory if the settlement were rejected. Judge Barbara Kapnick found that BNYM acted in good faith and approved all aspects of the settlement except for the release of one claim. Professor Fischel was supported by a team in Compass Lexecon's Chicago office which included Jerry Lumer, Jessica Mandel, Mike Keable, Kevin Hartt, Donnie Hong, and many others. The team worked closely with Matt Ingber and Chris Houpt of Mayer Brown and Hector Gonzalez and Mauricio Espana of Dechert LLP who successfully represented BNYM.

Railroad Class Certification in Antitrust Litigation

In August 2013, the United States Court of Appeals for the D.C. Circuit ruled unanimously in favor of Compass Lexecon's clients, the four major U.S. railroads, BNSF, CSX, Norfolk Southern and Union Pacific, and vacated the District Court's certification of a class in the Rail

[1] To find copies of our previous Newsletters, go to: http://www.compasslexecon.com/highlights/newsletter/.

Freight Fuel Surcharge Antitrust Litigation. The D.C. Circuit's opinion relied extensively on the expert testimony provided by Compass Lexecon's Professor Robert Willig in concluding that the Plaintiffs' expert's analysis of common injury among members of the proposed class was fundamentally flawed and yielded "obviously false estimates." Plaintiffs in the case alleged that the four major railroads conspired to impose rate-based fuel surcharges on shipments beginning in 2003 and sought certification of a class of rail customers that paid fuel surcharges. Plaintiffs' claimed that certification of this expansive class was appropriate based on a purported statistical analysis that attempted to relate changes in rates paid by the railroads' customers after 2003 to the increased use of fuel adjustment clauses in shipping contracts as well as changes in the structure of these clauses. The District Court granted class certification, but on appeal the panel reversed, stressing that the Supreme Court's March 2013 decision in Comcast v. Behrend required a higher standard of review for proving common injury in class certification. The panel further held that the District Court failed to consider the flaws in the Plaintiffs' damage model that had been highlighted by Professor Willig, specifically those that led to substantial false positives. The opinion is particularly important because of the panel's emphasis on the newly critical role of the use of reliable statistical methods in class certification analysis, concluding that "[i]t is now clear, however, that Rule 23 not only authorizes a hard look at the soundness of statistical models that purport to show predominance—the rule commands it. Mindful that the District Court neither considered the damages model's flaw in its certification decision nor had the benefit of Behrend's guidance, we will vacate class certification and remand the case to the District Court to afford it an opportunity to consider these issues in the first instance." Dr. Willig was supported by a team in Compass Lexecon's Chicago office that included Hal Sider, Tom Stemwedel and Dzmitry Asinski. We worked closely with Thomas Isaacson of Covington & Burling LLP, Samuel Sipe of Steptoe & Johnson LLP, Saul Morgenstern of Kaye Scholer LLP, and Shari Lahlou at Crowell & Moring LLP.

Rural/Metro Corporation Shareholders Litigation

Compass Lexecon was retained by Joel Friedlander of Bouchard, Margules & Friedlander, P.A. and Randy Baron of Robbins, Geller, Rudman & Dowd LLP on behalf of the Plaintiff class in litigation before the Delaware Chancery Court regarding the sale of Rural/Metro Corporation (Rural/Metro) to private equity firm Warburg Pincus. Compass Lexecon expert Kevin Dages submitted an affidavit in support of Counsel's opposition to former Lead Plaintiff's proposed settlement for enhanced disclosures, opening and rebuttal expert reports, and testified before Vice Chancellor Laster at trial concerning the fair value of Rural/Metro, the reasonableness of the financial advisors' valuations, and Rural/Metro's proxy disclosures regarding those valuations. The individual director Defendants and Moelis & Company LLC, one of two financial advisors, settled on the eve of trial for what the Court concluded was a "significant" common fund for the Plaintiff class. Following a trial against the remaining Defendant, RBC Capital Markets, LLC (RBC), Rural/Metro's other financial advisor, the Court found RBC liable for aiding and abetting the individual director Defendants' breaches of duty of care and duty of disclosure. The Court did not immediately rule on damages but did find "Dages's [Discounted Cash Flow] valuation to provide persuasive evidence of fair value and adopt[ed] it as the general framework" for purposes of determining its damages remedy. The Court ordered the experts to submit revised analyses identifying a range of fair value for Rural/Metro at the time of the merger and specifically employing "the explicit method of extending the [management] projections" utilized by Dages as well as Dages' choice of CAPM, a risk-free rate, and size premium while recalculating beta using Dages' method but with a shorter measurement period. Upon receipt of the revised expert submissions the Court will address Rural/Metro's fair value and establish the scope of remedy. Mr. Dages was supported by a team in Compass Lexecon's Chicago office headed by Jennifer Milliron and Tim McAnally.

LCD Price Fixing Litigation

HannStar and other Taiwanese, Korean, and Japanese firms (not including Toshiba) had previously reached guilty plea agreements with the U.S. Department of Justice for fixing prices on LCD panels. In this litigation, Best Buy accused Toshiba and HannStar of conspiring for the better part of a decade with other firms to fix prices for LCD panels and sought damages related to this alleged conspiracy. Best Buy asked for damages of more than $2 billion post-trebling. Plaintiffs relied on their economic expert's calculation of claimed damages which was based on a complex econometric model. Plaintiffs' expert claimed average overcharges were around 20%. Compass Lexecon's Professor Dennis Carlton testified that Best Buy's expert witness had greatly overstated any overcharges resulting from the alleged conspiracy. He explained how some basic economic calculations showed how unreasonable Plaintiffs' expert's claims were. He also showed that with some simple changes to the Plaintiffs' expert's econometric model, the huge price overcharge disappeared. Professor Carlton presented his own econometric model, and found overcharges that were in the range of 0.4% to 1.9%, depending upon the type of panel.
The jury found no liability for Toshiba, and, for HannStar, which admitted liability, the jury awarded direct damages in precisely the amount Professor Carlton's analysis implied — $7.47 million. The jury also found that Defendants' conduct did not have a direct, substantial and reasonably foreseeable effect on commerce in the United States. Professor Carlton was supported by teams in Compass Lexecon's Washington, D.C., Boston and Chicago offices, which included Mark Israel, Ian MacSwain, Allan Shampine, Chris Cavanagh, Guillermo Israilevich, Georgi Giozov, Joel Papke, Quinn Johnson, Ben Wagner, Dave Grothouse, and many others. The team worked closely with Christopher Curran, Mark Gidley, Martin Toto and Kristen McAhren of White & Case LLP who successfully represented Toshiba, and Robert Freitas of Freitas Tseng & Kaufman LLP who successfully represented HannStar.

EnPro / Garlock Asbestos Litigation

In August 2013 Compass Lexecon expert and Nobel Laureate James Heckman, testified as a rebuttal witness to Plaintiffs' current and future claims estimation experts in the asbestos-related bankruptcy proceedings of EnPro Industries' subsidiary Garlock. In January 2014 the judge ruled in Defendants' favor, completely disregarding Plaintiffs' experts' estimations of $1.4 billion in claims and accepting Defendants' estimated liability of $125 million. This ruling has been called a "watershed" ruling in asbestos litigation for highlighting fraud in asbestos litigation and trust settlements, and not accepting claims estimations based on fraud-inflated settlements. According to a Garlock spokeswoman, "It was the first time in more than 80 asbestos bankruptcies that the court didn't accept the Plaintiffs' estimate of future claims." Dr. Heckman was supported by a Compass Lexecon team led by Rick Flyer and Colleen Loughlin, and including Daniel Garcia-Swartz, Jacqui Barrett, Dan Stone and Joseph Goodman in our Chicago office. Compass Lexecon worked closely with lawyers from Moore & Van Allen PLLC.

Maryland Wholesale Electricity Rate Setting Litigation

In September 2013 the United States District Court for the District of Maryland found unconstitutional a Maryland Public Service Commission (PSC) order directing the state's electric utilities to enter into long-term contracts that required the utilities to pay PSC-set prices for the sales of capacity and energy from a new power plant to be constructed by a State-chosen developer. This case focused on the constitutionality of the PSC-mandated contract for differences (CFD) that would have required that the developer successfully bid its new capacity and energy into the federally-regulated regional wholesale power markets of the PJM Interconnect, while the utilities would have been required to pay the developer the differences between the PJM market prices and the contract price – an out-of-market price set by the PSC. The court found that the PSC's order unconstitutionally dictated, through the CFD, wholesale prices in interstate power markets where the doctrine of field preemption forecloses state regulation since it is a field that by law is occupied entirely by the federal government. This ruling was favorable for Compass Lexecon's clients PPL EnergyPlus, LLC, PSEG Power, LLC and the other Plaintiffs. The court frequently cited the testimony of Compass Lexecon affiliate Professor Robert Willig. Professor Willig's testimony explained the economics underlying the structure of PJM's wholesale markets for electric generation capacity and energy, and showed on the basis of the economics of the definition and functionality of pricing that the CFD would have supplanted the PJM market prices with the PSC-set contract prices. Compass Lexecon was retained by David Meyer of Morrison & Foerster LLP and Richard Roberts of Steptoe & Johnson LLP. Professor Willig was primarily supported by Glenn Mitchell and Marc Huntley in Compass Lexecon's Pasadena office with additional support provided by Joe Cavicchi and David Molin in our Boston office.

World Trade Center Litigation

Following the 9/11 terrorist attacks on the World Trade Center, leaseholder Larry Silverstein and associated business entities (Silverstein) filed suit against various airline Defendants including American Airlines, United Airlines, and Boeing seeking tort damages for losses sustained as a result of destruction of the buildings. Prior court rulings had established that the maximum tort damages recoverable were approximately $3.5 billion. The issue in the current case was whether Silverstein could proceed with his tort damage claim, even though he had already recovered approximately $5 billion in business interruption and replacement cost insurance proceeds. The airline Defendants, represented by lead counsel Roger Podesta of Debevoise & Plimpton LLP, argued that the $5 billion in insurance payments already received "corresponded" to the $3.5 billion of potential tort damages because they were both for the same economic loss and, therefore, Silverstein was entitled to no further compensation. Silverstein, by contrast, claimed that there was no correspondence because of his obligation to rebuild the destroyed buildings and, therefore, he should be allowed to proceed to trial to recover tort damages of billions of dollars against the airlines, in addition to the $5 billion in insurance recoveries. After a July 2013 bench trial, Judge Alvin K. Hellerstein of the United States District Court, Southern District of New York ruled in favor of the airline Defendants and held that the $5 billion in insurance recoveries corresponded to and "completely offset" potential tort damages against the airline Defendants and, therefore, Silverstein was entitled to no further compensation. Compass Lexecon's President, Professor Daniel Fischel, testified for the airline Defendants at trial. Among other things, Professor Fischel explained the relationship between replacement cost and diminution in market value as two different ways to measure the loss caused by damage to property. Professor Fischel further explained that a plaintiff is fully compensated if they receive insurance proceeds for business interruption and/or replacement cost in an amount greater than the lesser of diminution in market value or replacement cost. Judge Hellerstein quoted from and relied on Professor Fischel's testimony in his opinion, concluding that it was "more credible" than the testimony by the opposing expert. Compass Lexecon also was heavily involved in earlier phases of the litigation. We worked closely with Brian Fraser of Richards Kibbe & Orbe LLP (who also was counsel for the airline Defendants at the correspondence trial) on various issues relating to the valuation of the destroyed World Trade Center buildings. During this earlier phase, Professor Fischel made numerous oral and written presentations discussing the proper valuation methodology for calculating losses caused by the terrorist attacks. Apart from the counsel listed above, we also worked with Maura Kathleen Monaghan and Erica Weisgerber of Debevoise & Plimpton LLP, Desmond Barry, Jr. and Evan Kwarta of Condon & Forsyth LLP, Rowan Gaither of Richards Kibbe & Orbe LLP, Jeffrey Ellis of Quirk and Bakalor, P.C., and Ann Taylor and T. Patrick Byrnes of Locke Lord LLP. The Compass Lexecon team included Rajiv Gokhale (who also filed several declarations), Todd Kendall, and Erika Morris of our Chicago office.

Cox Radio, Inc. Delaware Appraisal Litigation

In May 2009, Cox Enterprises, Inc. consummated a short-form merger in which Cox Enterprises, Inc., through its wholly-owned subsidiary Cox Media Group, acquired the shares of Cox Radio, Inc. stock it did not own at a price of $4.80 per share. Petitioners (Towerview LLC et al.) alleged that the merger consideration of $4.80 per share substantially underestimated the value of their shares. Compass Lexecon was retained by Respondents to analyze the value of the shares. Compass Lexecon expert Rajiv Gokhale testified at a four-day trial at the Court of Chancery of the State of Delaware that the fair value of the petitioners' shares was in the range of $3.40 to $5.29, with a midpoint of $4.28 per share. By contrast, Petitioners' valuation expert testified that the fair value of the petitioners' shares was between $11.05 and $12.12 per share. On June 28, 2013, Vice Chancellor Donald F. Parsons issued an opinion concluding that the fair value of petitioners' shares was $5.75 per share. In reaching his decision, Vice Chancellor Parsons accepted and began with "Gokhale's model as a general framework," because "Gokhale's approach provides a more appropriate starting point," and found "Gokhale's valuation approach to be more reliable generally." Compass Lexecon worked with Kevin Abrams, J. Peter Shindel Jr., and Daniel Gordon of Abrams & Bayliss LLP. Rajiv Gokhale was assisted by Cliff Ang, Margaret Hlebowitsh, Avisheh Mohsenin, Andrew Lin and others in Compass Lexecon's Chicago office.

Chocolate Confectionary Antitrust Litigation

In February 2014 the Honorable Chief Judge Christopher C. Conner of the U.S. District Court for the Middle District of Pennsylvania issued an opinion and order granting Defendants' motions for summary judgment in a long-running antitrust dispute brought by individual purchasers of chocolate products and a certified class of direct purchasers of chocolate products. These cases had been brought against Nestle USA Inc., the Hershey Company, Mars, Inc. and Mars Snackfood USA. Among other things, Plaintiffs alleged that Defendants conspired to raise the prices of chocolate products in 2002, 2004 and 2007. Counsel for Hershey retained Compass

Lexecon, and Compass Lexecon expert Professor Joseph Kalt to analyze the antitrust claims and to critique the testimony of Plaintiffs' experts. Professor Kalt, with the assistance of a Compass Lexecon team headed by Steven Peterson and Eric Henson in our Boston office, demonstrated that no inference of conspiracy could be made given the economic evidence available. We worked with attorneys from Kirkland & Ellis LLP including Michael Becker, Jonathan Brightbill, and Craig Primis and from Patterson Belknap Webb & Tyler LLP, William Cavanaugh, Jr. and Vivian Storm in their representation of the Hershey Company.

Judgment Entered in Household International Securities Fraud Litigation

In October 2013, Judge Ronald A. Guzman of the Northern District of Illinois entered a judgment against Household International (now HSBC Finance Corporation) and three officer Defendants of $2.46 billion, the largest judgment following a securities fraud class action trial in history. Earlier, a federal court jury in Chicago delivered a verdict in favor of Compass Lexecon's client, a class of investors. The jury determined that all four Defendants violated federal securities laws and that a result, Household's stock price was inflated by $23.94 a share for much of an 18-month period. Compass Lexecon's President Professor Daniel Fischel provided testimony on materiality, causation, and the quantification of inflation on behalf of the Plaintiff class in the case. Professor Fischel at trial quantified inflation using two different methods - the first focusing on stock price reactions to specific disclosures and the second focusing on analysis of stock price movements over a longer period based on a leakage model. Professor Fischel also responded to various criticisms and claims by Defendants' experts as the only rebuttal witness. The jury adopted the per share inflation calculations taken directly from Professor Fischel's leakage model in its verdict. A lengthy damages phase then followed the trial prior to the entry of the judgment. A team from our Chicago office including Mike Keable, Jessica Mandel, Jerry Lumer, Cliff Ang, and Peter Clayburgh worked on the case. Compass Lexecon worked with Michael Dowd, Spencer Burkholz, Daniel Drosman, and Luke Brooks from Robbins Geller Rudman & Dowd LLP who successfully represented the Plaintiff class.

Litigation Over Bases for Incentive and Asset Management Fees

Compass Lexecon's clients, SHP Asset Management (SHP) and its affiliates (Plaintiffs), and Defendant CalPERS had invested in SHP Senior Housing Fund, which was formed to invest in retirement homes. SHP, as fund manager, was entitled to receive an Incentive Distribution at the end of 2007 and every seven years thereafter and an Asset Management Fee every quarter. In late 2007, CalPERS retained Duff & Phelps to appraise the retirement homes and affiliated nursing facilities for the purpose of determining the Incentive Distribution. In June 2008, CalPERS ordered Duff & Phelps to revise its earlier appraisals and sought to replace the original appraisals with revised appraisals that placed lower values on the properties. Compass Lexecon expert Rajiv Gokhale testified on behalf of Plaintiffs that the reasons offered by Duff & Phelps for revising its appraisals did not justify the significant reduction in value from the original appraisals. Chancellor Leo E. Strine, Jr. of the Delaware Chancery Court decided the dispute in Plaintiffs favor, specifically that CalPERS Incentive Distribution should be based on the original Duff & Phelps appraisals. Chancellor Strine's opinion stated that Mr. Gokhale "testified convincingly that the two reasons that Duff & Phelps gave for restating the appraisals … could not justify this huge reduction in value" from Duff & Phelps' original to its revised appraisals. Compass Lexecon worked with Matthew F. Davis, Timothy R. Dudderar, and Matthew E.

Fischer of Potter Anderson & Corroon LLP. Rajiv Gokhale was assisted by Avisheh Mohsenin, Michael Pugh, and others in our Chicago office.

TransWeb LLC v 3M Innovative Properties Co.

TransWeb, a filtration media supplier, brought a Walker Process fraud claim again 3M, alleging that 3M attempted monopolization by seeking to enforce certain patents against TransWeb. Aside from 3M, TransWeb is the only other supplier of fluorinated filtration media that is used effectively in oil-resistant respirators certified by the National Institute for Occupational Safety and Health, and federally mandated for use certain workplaces. Compass Lexecon expert Brad Reiff testified on behalf of TransWeb regarding the competitive effects of 3M's actions and damages. A unanimous jury returned a verdict in favor of TransWeb on the attempted monopolization claims, and awarded treble past damages, including attorney's fees incurred by TransWeb in defense of 3M's patent claims. Dr. Reiff was supported by Kirupa Ramaiah in our Chicago office. Compass Lexecon worked with Harold Barza, Michael Williams and Adam Wolfson of Quinn Emanuel Urquhart & Sullivan, LLP.

UAW v FIAT

Chrysler emerged from bankruptcy in 2009 and at the time, it issued membership interests to the United States Department of the Treasury, Fiat, and the UAW Retiree Medical Benefits Trust (the Trust), a health trust that was formed to provide medical benefits to current and future Chrysler retirees in the future. The Trust also received certain other assets including a note from Chrysler. Fiat had the option to repurchase certain percentages of the membership interests held by the Trust based on a formula. In July 2012, Fiat exercised its option to purchase a portion of the membership interests held by the Trust, leading to a disagreement over the price of the interests. Compass Lexecon's President Professor Daniel Fischel and Compass Lexecon were retained by Alan Unger of Sidley Austin LLP on behalf of the Trust to assist in analyzing Chrysler's value and the fairness of the price for the Chrysler membership interests held by the Trust. Ultimately, Fiat and the Trust reached a broader settlement under which Fiat agreed to buy all of the membership interests held by the Trust for $4.35 billion, implying a value of more than $10 billion for Chrysler's equity. Professor Fischel was assisted by Rajiv Gokhale, Rahul Sekhar, and Cliff Ang in Compass Lexecon's Chicago office.

TECO Guatemala v. Republic of Guatemala

In December 2013, a Compass Lexecon team, with Manuel Abdala and Marcelo Schoeters as experts, successfully assisted the Republic of Guatemala to defend against a US$243.6 million investment treaty claim by TECO Guatemala Holdings LLC, a subsidiary of Florida-based energy company TECO Energy. The dispute involved Guatemala's alleged undue regulatory process leading to low electricity distribution tariffs on its subsidiary EEGSA during the 2008-2013 regulatory cycle. TECO held a 24% equity stake in EEGSA, but in late 2010, just prior to commencing arbitration, sold its EEGSA shares to a third-party investor for an estimated amount of US$120 million. TECO's valuation expert assessed damages at US$243.6 million. The Tribunal found Guatemala liable, but based on testimony from Compass Lexecon's experts, limited damages to US$21.1 million. The Compass Lexecon team included Julian Delamer, Alan

Rozenberg and Daniela Repetto. Compass Lexecon's experts were retained by Freshfields Bruckhaus Deringer.

Primerica Arbitration

In this arbitration, Compass Lexecon was retained by Jay Cohen, Eric Stone, and others at Paul, Weiss, Rifkind, Wharton & Garrison LLP on behalf of their client Primerica to respond to allegations that Primerica and PFS Investments financial advisors inappropriately recommended that Florida teachers in the Florida Retirement System convert their state pension into a defined contribution investment plan. This conversion option offered by the Florida Retirement System allowed employees to take in a lump sum form certain funds allocated to them and transfer those funds into an Investment Plan account in which the employee then becomes entirely responsible for all investment risks associated with and affecting the lump sum placed into the Investment Plan. Claimants and their expert argued that the lump sum conversion and defined contribution plan were virtually guaranteed to provide a lower retirement income than the pension plan. At the arbitration, Harvard Professor and Compass Lexecon academic affiliate, Allen Ferrell, modeled both plan options and strongly criticized Claimants and their experts for ignoring market conditions at the time of conversion and desirable household diversification factors that made the conversion a reasonable option. The arbitrator's ruling was a complete victory for Primerica. Professor Ferrell was supported by a team in Compass Lexecon's New York office including Alex Rinaudo and Chris Fiore.

H.J. Heinz Acquisition

In April 2013 Pennsylvania Court Judge Christine Ward dismissed seven consolidated shareholder derivative and purported class action lawsuits, clearing the way for the successful shareholder vote on the acquisition of H.J. Heinz by Berkshire Hathaway and 3G Capital. Plaintiffs claimed, among other things, that a variety of deal protection provisions, including termination fees, a matching provision, a no solicitation provision, and the absence of either a pre-signing or post-signing "market check" precluded other potential acquirers from bidding to acquire Heinz and resulted in a low merger consideration. Compass Lexecon has extensive experience analyzing these types of claims and on a compressed schedule was able to marshal both theoretical and empirical evidence on deal protection provisions. Professor Kenneth Lehn submitted an Affidavit on behalf of Heinz and its Board demonstrating that target company shareholders can receive economic benefits from deal protection provisions, that such provisions are commonplace in large transactions, and that they do not preclude topping bids whether or not there was an explicit market canvass by the company. The team that supported Professor Lehn was led by David Gross and included Jonathan Polonsky and David Strahlberg in the Chicago office. Heinz and its Board were represented by Thomas Allen and Roy Arnold of Reed Smith LLP and Lawrence Portnoy, Scott Luftglass, Brian Burnovski, and George Turner of Davis Polk & Wardwell LLP.

Pulte Homes Class Action Litigation

This case involved a class action brought on behalf of those who purchased and/or owned homes built by Pulte Homes after January 1, 2003 containing a certain type of insulation which allegedly caused property damage. Plaintiffs retained three experts who performed different parts of a damage calculation and collectively opined that damages exceeded $1 billion. Compass Lexecon expert Rajiv Gokhale was retained to address these claims. In his report and deposition testimony in the case, Gokhale demonstrated that the Plaintiffs' experts' methodology was fundamentally flawed and could not be used for establishing damages on a class wide basis. In November 2013, Judge Dale Fischer of the United States District Court Central District of California issued two opinions excluding the testimony of all three of Plaintiffs' experts and decertifying the class because Plaintiffs failed to provide a model capable of measuring restitution on a class wide basis. Gokhale was assisted by Avisheh Mohsenin in Compass Lexecon's Chicago office. Compass Lexecon was retained by William Donovan, Jr. of Cooley LLP who successfully represented Pulte.

The Tennis Channel, Inc. v. Comcast Cable Communications, LLC

Compass Lexecon expert Jon Orszag testified on behalf of Comcast in a television carriage dispute between Comcast and Tennis Channel before Federal Communications Commission Administrative Law Judge Richard Sippel. The case was appealed to the U.S. Court of Appeals for the District of Columbia where the Court ruled in favor of Comcast and found that Tennis Channel had failed to prove that Comcast had discriminated against it by carrying the channel on a sports tier. The U.S. Court of Appeals decision incorporated many of the core economic arguments presented in Orszag's testimony. Orszag was supported by a Compass Lexecon team led by Jay Ezrielev. Orszag and Compass Lexecon worked closely with lawyers from Davis Polk & Wardwell LLP, including David Toscano, Michael Carroll, and Michael Scheinkman.

Google Inc. Class C Shareholder Litigation

We were retained by counsel for Google Inc. and counsel for Google's founders, Larry Page and Sergey Brin (the Founders), to analyze Plaintiff's claims that Google's April 12, 2012 proposal for the issuance of a new class of non-voting stock via a stock dividend was "a thinly veiled attempt to further entrench the Founders' voting power and control over the Company without any legitimate business purpose" and was detrimental to Google's existing Class A shareholders. Compass Lexecon's President Professor Daniel Fischel, submitted a report and a rebuttal report and testified at deposition, opining that, among other things, the economic evidence did not support Plaintiff's claims, and that the proposed recapitalization was comparable to or more favorable to Class A shareholders than recapitalizations by other companies that have issued non-voting or limited voting common stock. Just prior to the commencement of trial the parties entered into a Memorandum of Understanding that documented the parties' agreement to settle Plaintiff's claims. The settlement was approved by Chancellor Leo E. Strine, Jr. in October 2013. Professor Fischel was assisted by David Ross, Laurel Van Allen, Jonathan Polonsky, and Sam Hollander in Compass Lexecon's Chicago and Oakland offices. Google was represented by William Chandler III, Boris Feldman, David Berger and Gideon Schor of Wilson Sonsini Goodrich & Rosati, and by William Lafferty, Kevin Coen and D. McKinley Measley of Morris, Nichols, Arsht & Tunnell LLP. The Founders were represented by Ronald Olson, John Spiegel and George Garvey of Munger, Tolles & Olson LLP and by Stephen Lamb of Paul, Weiss, Rifkind, Wharton & Garrison LLP.

Litigation Related to the Collapse of Taylor Bean & Whitaker Mortgage Corp.

In early October 2013, just prior to trial, Compass Lexecon's client, Deloitte & Touche LLP (Deloitte) settled multiple lawsuits in Florida state court in which both Deutsche Bank and the now-bankrupt entity Ocala Funding (Taylor Bean & Whitaker Mortgage Corp.'s (TBW) commercial paper conduit) were seeking billions in damages from Deloitte for failing to detect a criminal fraud carried out by the former executives of TBW and Ocala Funding. Plaintiffs claimed that Deloitte was "grossly negligent" in its audits of TBW from 2002 until 2009 because it did not discover a collusive fraud perpetrated by TBW and Ocala Funding executives in conjunction with TBW's bankers at Colonial Bank. Both TBW and Colonial Bank declared bankruptcy in August 2009 after Deloitte withdrew from the field and federal law enforcement raided TBW's headquarters. Compass Lexecon supported structured finance expert Christopher Culp, who testified in deposition about the structure and operations of the Ocala Funding asset-backed commercial paper conduit and the roles of various entities involved in that structure. Compass Lexecon also supported damages expert Bradford Cornell, who rebutted Plaintiffs' multi-billion dollar damages claims in deposition testimony, and accounting expert Gordon Klein, who testified in deposition about on balance-sheet and off-balance sheet accounting for the sale of mortgage loans. We worked with John Hughes, Christopher Landgraff, Mark Levine and others at Bartlit Beck Herman Palenchar & Scott LLP, as well as Patricia Gorham, Amy Rudolph, and others at Sutherland Asbill & Brennan LLP. The Compass Lexecon team that supported our experts included Peter Clayburgh, Elisabeth Browne, John Hirshleifer, May Huang, and others in our Pasadena office, as well as George Hickey in our Chicago office.

CommonWealth REIT et al. v. Corvex Management LP, et al.

In November 2013 an Arbitration Panel ruled invalid the consent solicitation undertaken by Corvex Management LP (Corvex) and Related Fund Management, LLC (Related) in June 2013 to remove the Board of Trustees of CommonWealth REIT (CommonWealth). The Panel also upheld two key provisions of CommonWealth's bylaws (the current share ownership requirement to request a consent solicitation and the length of the consent period), while granting Corvex and Related the opportunity to bring a new consent solicitation under certain guidelines set forth by the Panel. Compass Lexecon experts Professor Bradford Cornell and Kevin Dages testified before the Arbitration Panel. Dages provided an analysis of the ownership and trading activity in CommonWealth shares, as well as economic evidence on shareholding requirements in REIT bylaws which was utilized by the independent consent solicitation experts. The Panel cited the economic evidence as support for the reasonableness of the share ownership requirement ($2,000 of stock for at least one year) and consent period (30 days) provided in CommonWealth's bylaws. Professor Cornell testified as a rebuttal witness regarding the damages analysis of Corvex and Related's expert. After the submission of Professor Cornell's expert report, Corvex and Related petitioned the Panel to withdraw their damages claim. The request was granted, with prejudice. The Compass Lexecon experts were supported by a team including John Haut, Jennifer Milliron, Jonathan Polonsky, David Strahlberg, and Laura Yergesheva. The team from Compass Lexecon worked closely with counsel for the CommonWealth Trustees, Thomas Allingham, Robert Saunders, Lea Haber Kuck, James Carroll, Stephen Dargitz and Joseph Larkin of Skadden, Arps, Slate, Meagher & Flom LLP.

Corre Opportunities Fund et al. vs. Emmis Communications Corporation

To enhance the value of its common stock, rationalize its capital structure and reduce its leverage ratio, our client, Emmis Communications Corporation (Emmis), determined that it would be in the best interests of its shareholders to commence a program to provide Emmis with flexibility to amend the terms of its preferred stock. As part of this program, Emmis repurchased preferred stock in the open market, entered into total return swaps with certain preferred stockholders, and issued preferred stock as part of an employee retention plan. In September 2012, after Emmis had obtained two thirds of the preferred stock, Emmis's shareholders and preferred stockholders voted to amend the rights of the preferred stock, thereby, among other things, cancelling all unpaid preferred stock dividends to date, changing the designation of the preferred stock from cumulative to non-cumulative, and allowing Emmis to pay common stock dividends and other distributions prior to paying unpaid preferred stock dividends. Plaintiffs retained an expert to assess damages sustained by Plaintiffs as a result of the amendments. Compass Lexecon's President, Professor Daniel Fischel submitted a report and testified at deposition on behalf of Emmis criticizing the damages methodology of Plaintiffs' expert. Specifically, Professor Fischel opined that Plaintiffs' expert's analysis of the value of the preferred stock with and without the rights was unscientific, fundamentally flawed, and unreliable. Professor Fischel also demonstrated that the damages analysis of Plaintiffs' expert was contradicted by the market evidence. In February 2014, Judge Sarah Evans Barker of the Southern District of Indiana granted our client, Emmis Communications Corporation, motion for summary judgment. Professor Fischel was supported by a Compass Lexecon team led by Ralph Scholten in our Washington, D.C. office. The Compass Lexecon team worked closely with Rich Kempf and others of Taft Stettinius & Hollister LLP, who successfully represented Emmis.

Abu Dhabi Commercial Bank, et al. v. Morgan Stanley & Co., Inc., et al.

Plaintiffs in this case alleged that Moody's Investors Service (Moody's) ratings of a structured investment vehicle were false and without a reasonable basis. Compass Lexecon expert Professor Bradford Cornell submitted an expert report and testified at deposition on behalf of Moody's. He found that Moody's opinions were based on a reasoned analysis and the methods used by Moody's were supported by accepted industry practices and supported in the academic literature. Professor Cornell also rebutted claims by Plaintiffs' expert that there were deficiencies in Moody's approach. The case settled very favorably just before trial causing Moddy's stock price to jump 8.3% according to the Wall Street Journal. Professor Cornell was supported by a team in Compass Lexecon's Chicago office including Jerry Lumer, Vince Warther, Donnie Hong, and many others. We worked with Joshua Rubins and others at Satterlee Stephens Burke & Burke LLP and Joel Cohen and others at Gibson, Dunn & Crutcher who represented Moody's Investors Service.

The Men's Wearhouse, Inc. v. Wildrick, et al.

Compass Lexecon was retained by Edward Welch and Edward Micheletti of Skadden, Arps, Slate, Meagher & Flom LLP on behalf of their clients, Jos. A. Bank Clothiers, Inc. (Jos. A. Bank) and its directors, in litigation before the Delaware Chancery Court seeking to enjoin the proposed acquisition of Eddie Bauer by Jos. A. Bank. Compass Lexecon assisted counsel in responding to claims by Plaintiff that the proposed Eddie Bauer transaction was preclusive to

The Men's Wearhouse's outstanding tender offer to acquire Jos. A. Bank. Our work included analyzing the Eddie Bauer transaction's deal protection measures as well as Jos. A. Bank's advisors' analyses regarding the fairness of both the Jos. A. Bank – Eddie Bauer and Men's Wearhouse – Jos. A. Bank proposed transactions in anticipation of filing an expert affidavit. The litigation terminated prior to the Injunction Hearing upon Jos. A. Bank's directors' acceptance of an increased purchase offer and execution of a merger agreement with The Men's Warehouse. The Compass Lexecon team included Kevin Dages, Jennifer Milliron, George Hickey, Tim McAnally, and David Strahlberg in our Chicago office.

Phoenix Municipal Bonds

Compass Lexecon affiliate David K.A. Mordecai filed multiple expert reports in a multimillion dollar unjust enrichment and unfair insurance trade practices dispute. This dispute centered on Plaintiff's claim that Defendants charged "grossly excessive" insurance premiums on municipal bonds issued by the city of Phoenix, Arizona. Dr. Mordecai was retained by Patterson Belknap Webb & Tyler LLP and Proskauer Rose LLP and their clients, Ambac Assurance Corporation and MBIA Insurance Corporation, Inc. This matter was settled on favorable terms for our clients. Dr. Mordecai was assisted by David Gross, Peter Clayburgh, Laura Yergesheva, and Quinn Johnson in Compass Lexecon's Chicago and Pasadena offices.

Feihe International, Inc. Shareholder Litigation

In June 2013, Utah State Judge Andrew H. Stone ruled in favor of Defendants, our clients, denying an injunction in a suit claiming that Mr. You-Bin Leng, Feihe International's Chairman and Chief Executive Officer, and an affiliate of Morgan Stanley Private Equity Asia were attempting to acquire the company via an unfair process at a grossly inadequate and unfair price. Plaintiffs alleged, among other things, that the $7.40 per share consideration (a 21.3% premium to market) failed to reflect the value of certain receivables and was based on financial projections with unreasonable assumptions. Compass Lexecon expert Kevin Dages submitted a Declaration on behalf of Defendants. In ruling for Defendants, Judge Stone noted the offer premium and stated that he was persuaded by the Dages Declaration with regard to the treatment of the receivables and that even taking into account these receivables the consideration was within the reasonable range of values for the stock. Feihe International and Mr. You-Bin Leng were represented by Stellman Keehnel, Andrew Escobar, and Stephen Hsieh of DLA Piper LLP. Morgan Stanley was represented by Eric Waxman, Harriet Posner, and Nicole DiSalvo of Skadden, Arps, Slate, Meagher & Flom LLP. Kevin Dages was assisted by George Hickey, David Strahlberg, Ed Crane, and Ben Xiao of Compass Lexecon's Chicago office.

Pearson Education Copyright Litigation

Pearson Education, Inc., a publisher of textbooks and other educational material, has been subject to a series of individual copyright infringement claims based on alleged unlicensed use of photographs in its publications. Compass Lexecon affiliate Doug Lichtman and Compass Lexecon experts Lynette Neumann and Bradley Reiff are assisting Pearson in estimating actual damages and Pearson's profit attributable to the alleged copyright infringement in a number of the individual cases brought against Pearson. The Compass Lexecon analysis has shown that the profits attributable to the alleged infringement are no more than the estimated actual damages.

Since October 2012, Reiff has filed expert reports in several different cases, which have been dismissed or settled favorably for Pearson. Compass Lexecon is working with Brendan Kehoe of Pearson Education, and Kevin Fee and Jordana Rubel of Morgan, Lewis & Bockius LLP.

Douglas M. Hayes v. Activision Blizzard, Inc., et al.

Compass Lexecon was retained by Activision Blizzard, Inc. (Activision) in connection with litigation seeking to enjoin a transaction involving Activision's repurchase of shares owned by majority shareholder Vivendi S.A. Compass Lexecon expert Kevin Dages submitted an affidavit in conjunction with the preliminary injunction hearing in which he provided economic evidence regarding the benefits of the proposed transaction to Activision and its shareholders. In the Delaware Chancery Court's ruling, the Court acknowledged the benefits of the merger to Activision's minority shareholders but granted an injunction based on its legal finding that the transaction constituted a business combination and thus required a shareholder vote. On appeal, the Delaware Supreme Court reversed the Chancery Court's decision, finding that the transaction was not a business combination requiring a shareholder vote, and Activision consummated the repurchase transaction. Mr. Dages was supported by a team in the Chicago office headed by Cliff Ang and Jennifer Milliron. Compass Lexecon worked with Ed Welch, Ed Michelleti, Sarah Runnells Martin, and Lori Will of Skadden, Arps, Slate, Meagher & Flom LLP.

Christine Bauer-Ramazani, et al. v. TIAA-CREF, et al.

Plaintiffs brought a class action for equitable relief and damages based on TIAA-CREF's alleged wrongful use of customer funds. Specifically, Plaintiffs alleged that TIAA-CREF delayed the transfer of their funds from TIAA-CREF to another mutual fund, that their funds remained invested at TIAA-CREF during this transfer delay, and that they were entitled to the increase in "their" account value during this transfer delay. Plaintiffs retained two experts to provide a methodology to estimate recoveries to Plaintiffs. Compass Lexecon's President Professor Fischel submitted a report and testified at deposition on behalf TIAA-CREF. Professor Fischel opined that Plaintiffs' proposed methodology was flawed and unreliable. Specifically, Professor Fischel demonstrated that the proposed methodology estimated recoveries over the wrong time period, erroneously ignored payments made previously by TIAA-CREF to compensate Plaintiffs for transfer delays, would put Plaintiffs in a better position than they would have been if TIAA-CREF had processed their transfer requests on time, and would compensate Plaintiffs for risks they did not bear. The case settled on favorable terms a few weeks before trial. Professor Fischel was supported by a Compass Lexecon team led by Ralph Scholten in our Washington, D.C. office. The Compass Lexecon team worked closely with Shannon Barrett, Steve Brody, Tess Gee, and others of O'Melveny & Myers LLP.

Ironshore Insurance Ltd. V. Western Asset Management Company

Compass Lexecon affiliate David K.A. Mordecai filed multiple expert reports and provided deposition testimony on behalf of Ironshore Insurance in litigation against the company's former asset manager, Western Asset Management Company. The dispute involved breach of contract and breach of fiduciary duty claims against Western Asset Management Company stemming from losses incurred by Ironshore on a fixed-income portfolio containing a large concentration of mortgage-backed securities. Dr. Mordecai was retained to evaluate the risks of the fixed-income portfolio and estimate damages. The case settled in January 2014. We worked closely with Thorn Rosenthal and Whitney Smith at Cahill Gordon & Reindel LLP. Dr. Mordecai was assisted by Peter Clayburgh, Michael Kwak, Tristram Worth, and Ara Demirjian of Compass Lexecon's Pasadena and New York offices.

SEC vs. Mark Cuban

On October 16, 2013, a federal jury rejected SEC claims that Mark Cuban engaged in insider trading when he sold his stake in internet company Mamma.com after learning that the company would sell shares in a private investment in public equity (PIPE) transaction that purportedly caused its stock price to decline. A team from our Chicago office led by Mike Keable acted as consultants to Cuban's counsel. We analyzed the economic evidence regarding Mamma.com's stock and the materiality of PIPE transaction announcements and concluded that it was inconsistent with the SEC's claims.

Avanir Pharmaceuticals, Inc. Class Action to Enjoin Shareholder Vote

In February 2014, California State Judge Cormac Carney denied Plaintiff's motion for preliminary injunction in a suit that claimed that Avanir's 2014 proxy was materially misleading regarding its proposed equity compensation plan, allowing Avanir, our client, to proceed with the shareholder vote. Plaintiff sought to enjoin the shareholder vote in part because Avanir's proxy allegedly omitted information regarding the reasons for and effects of the proposed equity compensation plan, including how, and at what rate, the plan may dilute shareholders' interests. Compass Lexecon affiliate, Professor Robert Daines, the Pritzker Professor of Law and Business at Stanford Law School and co-director of the Rock Center on Corporate Governance, submitted a report on behalf of Avanir. Professor Daines opined that, from a policy perspective, the disclosures requested by Plaintiff should not be required because the costs of providing the additional information outweighed the benefits. Professor Daines also opined that, from an economic perspective, the additional disclosures were unlikely to be important to shareholders. Based on a review of a sample of similar companies holding similar votes, Professor Daines found that Avanir's disclosures were consistent with industry custom and practice, that the requested additional information was rarely provided, and that none of the companies in the sample disclosed all of the information that Plaintiff claims was omitted by Avanir. In his opinion, Judge Carney cited Professor Daines' analysis and concluded that if the Court were to require each of the details Plaintiff demanded, one would have needed to enjoin the vote at every single one of the companies Professor Daines examined. Professor Daines was supported by a Compass Lexecon team led by Ralph Scholten in our Washington, D.C. office. The Compass Lexecon team worked closely with John Tang and others of Jones Day.

Hedge Fund Manager Due Diligence

Compass Lexecon affiliate Dr. David K.A. Mordecai testified and filed multiple expert reports relating to hedge fund manager due diligence for various disputes and deliberations associated with Bernard L. Madoff, as well as for other Ponzi schemes. In these matters, Dr. Mordecai addressed a range of topics including the duties, responsibilities and investment due diligence practices, conventions and procedures, both of and by hedge fund managers, as well as the plausibility of both trading directives and reported performance attribution and strategy returns. Although certain of these matters are ongoing, some of these matters have been resolved favorably for our clients. In these matters, Dr. Mordecai has been supported by Compass Lexecon teams led by Michael Kwak and by Alex Rinaudo.

MERGERS, ACQUISITIONS AND JOINT VENTURES

OfficeMax and Office Depot Merger

In November 2013, the United States Federal Trade Commission (FTC) provided regulatory clearance for the merger of OfficeMax and Office Depot, two of the largest office supplies retail chains in the United States. The office supplies industry attracted significant attention among the antitrust community in 1997, when Staples and Office Depot attempted to merge. That transaction was challenged by the FTC, and was blocked by the Court. As a consequence, the February 2013 announcement of the OfficeMax and Office Depot merger generated a lot of public attention. A Compass Lexecon team — Jon Orszag, Eugene Orlov, Dan Stone, Neal Lenhoff, Joseph Goodman, Jonathan Williams and many others in our Chicago office — was retained by Paul Denis, James Fishkin and Rani Habash of Dechert LLP to first advise the board of directors of OfficeMax and then provide economic analysis of the proposed transaction. Compass Lexecon also worked closely with Matthew Reilly, Kevin Arquit, Andrew Lacy and Evan Cohen of Simpson Thacher & Bartlett LLP, who were retained by Office Depot. Compass Lexecon performed detailed econometric analyses of the competitive retail price effects of the transaction and the merging parties' pricing, and substantially expanded the econometric modeling used in FTC v. Staples. The analysis concluded that there was no systematic evidence that the proposed merger would result in higher retail prices, a finding that was presented to the FTC and ultimately cited as one of the main reasons to clear the merger. Specifically, the FTC said, "The econometric analysis reflects the new competitive dynamics in the industry and shows that the proposed merger is unlikely to result in anticompetitive price effects... All of the econometrics, none of which assumed or depended on any particular definition of a relevant product or geographic market, indicate that the merger is unlikely to lead to anticompetitive price increases."

US Airways and American Airlines Merger

In November 2013, US Airways and American Airlines announced that they had reached a proposed settlement with the Department of Justice (DOJ) and several states to end the litigation challenging their merger and that as a result, they expected to complete the merger by the end of 2013. Under the settlement, the parties agreed to divest slots and gates at several airports and to make certain other commitments, but otherwise are allowed to proceed with the merger that will create the world's largest airline and, even with the divestitures, generate over $1 billion in estimated annual synergies. This settlement effectively brought to a close nearly two years of Compass Lexecon work on this matter, starting with separate teams advising both US Airways and American on the merger, proceeding to a joint Compass Lexecon team submitting multiple white papers and making several presentations during the DOJ investigation of the matter, and culminating with the submission of four expert reports by Compass Lexecon experts (Dennis Carlton, Janusz Ordover, Dan Kasper, and Rajiv Gokhale) as part of the litigation. The Compass Lexecon team supporting the multiple experts on the case included Mark Israel, Chip Bamberger, Darin Lee, Yair Eilat, Lynette Neumann, Eugene Orlov, Theresa Sullivan, Eric

Amel, Bo Bourke, Jonathan Bowater, Mike Easterly, Jay Ezrielev, David Fenichel, Joseph Goodman, Nauman Ilias, Bryan Keating, Neal Lenhoff, Bich Ly, Ian MacSwain, Avisheh Mohsenin, David Molin, Greg Pelnar, Hans-Jürgen Petersen, Jonathan Polonsky, Jeff Raileanu, Michael Sabor, Rohini Sadarangani, Dan Stone, and Jonathan Williams. Throughout the case, Compass Lexecon worked closely with outside counsel for the airlines, including Richard Parker and Henry Thumann of O'Melveny & Myers LLP; John Majoras, Joe Sims, and Bruce McDonald of Jones Day; Rick Rule and Andrew Forman of Cadwalader, Wickersham, and Taft LLP; Paul Denis and Paul Friedman of Dechert LLP; and MJ Moltenbrey of Paul Hastings LLP. Compass Lexecon also worked closely with inside counsel for the airlines, including Stephen Johnson and Howard Kass of US Airways, and Bruce Wark and James Kaleigh of American Airlines.

Seamless North America and GrubHub Merger

Seamless North America LLC and GrubHub Inc., the two largest providers of Internet-based online restaurant discovery and food ordering services, sought to merge in mid-2013. The two firms and their counsel, Karen Silverman, Josh Holian, Debbie Won, Miriam McClure and Shahab Asghar of Latham & Watkins LLP for Seamless and Mark Tully, Kirby Lewis, and Todd Hahn of Goodwin Procter LLP for GrubHub retained Compass Lexecon to provide economic analysis of the transaction. Jon Orszag, Kevin Green and Maria Stoyadinova assisted by a team from the Washington, D.C. office that included Genaro Marquez and Piyal Hyder, helped the parties gain regulatory clearances from the U.S. Department of Justice (DOJ). Compass Lexecon performed a wide ranging analysis of the competitive effects of the transaction, including a written submission to the DOJ. Our analysis addressed relevant markets for online ordering, the relevance and magnitude of network effects in a two-sided market, and detailed empirical analysis of commission rates across cities and over time, among other topics.

Virgin Atlantic/Delta

In June 2013, the U.S. Department of Justice (DOJ) and the European Commission (EC) cleared the proposed acquisition of joint control over Virgin Atlantic by Delta (replacing Singapore Airlines as a 49% minority shareholder) and Virgin Group (retaining its 51% stake). The transaction also involved the formation of a fully integrated joint venture between Delta and Virgin Atlantic, with a view to bringing together their passenger air transport operations on routes between the United Kingdom and North America. The U.S. Department of Transportation (DOT), which had the final say on granting antitrust immunity for the joint venture, gave its formal approval in September 2013. In the U.S., the DOJ closed its investigation without taking any action following a second request. A Compass Lexecon team including Dan Rubinfeld, Chip Bamberger, Bryan Keating, Theresa Sullivan, Sara Leshen, and Mihir Narain assisted Christine Varney, Yonatan Even, Margaret Segall, and Pierre Gemson at Cravath, Swaine & Moore LLP, outside counsel to Delta in the U.S. The team presented evidence demonstrating that the proposed joint venture would substantially enhance network quality to the benefit of consumers while the overlaps on trans-Atlantic routes did not raise competitive concerns. The EC's clearance decision followed a Phase I investigation, during which the Commission's investigation confirmed that in all markets the combined entity would continue to face competition from several strong competitors, notably British Airways and American Airlines. Compass Lexecon Europe's team, including Jorge Padilla, Urs Haegler, Enrique Andreu, Eduard

Barniol Barcons and Krishna Nandakumar, assisted Delta and its European legal adviser, Norton Rose Fulbright LLP, before the Commission, by quantifying the efficiencies created by the agreement, in particular with regard to schedule delay reductions, economies of density and the fare benefits for behind-and-beyond passengers that flow from the joint venture ('out-of-market efficiencies') on the London-New York and London-Boston routes.

Acquisition of Sealy by Tempur-Pedic

Compass Lexecon economist Mary Coleman was retained by William Berkowitz of Bingham McCutchen LLP and Joseph Tringali of Simpson Thacher & Bartlett LLP to conduct an economic analysis of the proposed acquisition of Sealy by Tempur-Pedic. Dr. Coleman was supported by a Compass Lexecon team including David Weiskopf, Steve Peterson, Bo Bourke, Syre Khan, and David Foster. Compass Lexecon interacted extensively with counsel and conducted a number of economic analyses. After issuing a second request for additional information, the FTC closed its investigation and cleared the acquisition in March of 2013.

Acquisition of MEI Conlux Holdings by Crane

Compass Lexecon economists Mary Coleman, David Weiskopf, and Peter Davis were retained by Garret Rasmussen, Antony Kim, Douglas Lahnborg, and Ryan Quillian of Orrick, Herrington & Sutcliffe LLP and Keith Jones and Alexandros Stratakis of Baker & McKenzie to conduct economic analyses of the proposed acquisition of MEI Conlux Holdings by Crane. Both companies offer payment solutions for unattended transaction systems, among other products and services. Drs. Coleman and Weiskopf were supported by a Compass Lexecon team in the U.S. including Bo Bourke and Syre Khan. Dr. Davis received support from a Compass Lexecon team based in Europe, including Kadambari Prasad, Erik Langer, Manuel Mertel Mortillo, Krishna Nandakumar, David Shaharudin, and Kai Wee. The European Commission approved the transaction conditional on the combined entity divesting Crane's bill recycler product line and licensing in Europe Crane's Currenza C2 coin recycler, produced in Germany. Compass Lexecon interacted extensively with Crane and MEI and submitted and presented a number of economic analyses to the United States Federal Trade Commission and the European Commission. The acquisition was completed in December 2013.

T-Mobile USA/Metro PCS Merger

In March 2013, both the Federal Communications Commission (FCC) and the Department of Justice (DOJ) granted full approval – with no conditions – to the merger between T-Mobile USA and MetroPCS, with the FCC indicating that the merger would strengthen competition in the U.S. wireless market by "moving toward robust competition and revitalized competitors," and the DOJ indicating that the merger was "unlikely to harm consumers or substantially lessen competition." The companies completed their merger in May of 2013. This successful outcome was the culmination of more than six months of work by a Compass Lexecon team, with Mark Israel as expert, supported by Paolo Ramezzana, David Fenichel, Ben Wagner, Joel Papke, John Hore, and others. The Compass Lexecon team presented econometric results to both the DOJ and FCC demonstrating the merger's pro-competitive effects, including innovative work to translate the effects of network quality on customer churn into a measure of the monetary value of the transaction to consumers and to measure the marginal cost savings from the transaction.

Compass Lexecon worked closely with Mark Nelson, George Cary, and Patrick Bock of Cleary Gottlieb Steen & Hamilton LLP in conducting the antitrust analysis of the transaction.

Stewart Acquisition of SCI

Compass Lexecon economist David Weiskopf was retained by Mark Cunningham and David Radlauer of Jones Walker LLP to conduct economic analyses related to the proposed acquisition by Service Corporation International (SCI) of Stewart Enterprises, Inc. (Stewart) in the funeral and cemetery goods and services industry. Dr. Weiskopf was supported by a Compass Lexecon team based in Washington, D.C. that included Loren Smith, Bo Bourke, Maya Joyce, and GT Wrobel. Dr. Weiskopf worked closely with counsel from Jones Walker LLP, as well as with Stewart, SCI and its advisors, in performing various economic analyses. Dr. Weiskopf and the Compass Lexecon team also collaborated extensively with counsel for Jones Walker LLP and Stewart in preparing materials in response to the U.S. Federal Trade Commission's (FTC) second request for additional information. Ultimately, in late December 2013, the FTC closed its investigation and approved the transaction subject to a divestiture of assets acceptable to the two parties.

AT&T's Acquisition of Leap Wireless

In March 2014, the Federal Communications Commission (FCC) issued an order approving, subject to certain conditions, the spectrum license transfers required to complete AT&T's $4 billion acquisition of Leap Wireless. This approval completed the regulatory review of the transaction, and AT&T closed the transaction on the same day. Compass Lexecon provided economic analysis in support of the regulatory review of the transaction at both the FCC and the Department of Justice (DOJ). Compass Lexecon expert, Mark Israel was retained by Richard Rosen of Arnold & Porter LLP and Wm. Randolph Smith of Crowell & Moring LLP on behalf of AT&T, and Compass Lexecon expert, Michael Katz was retained by Christine Wilson of Kirkland & Ellis LLP on behalf of Leap. Israel and Katz were supported by a Compass Lexecon team including Theresa Sullivan, Tom Stemwedel, Dzmitri Asinski, David Fenichel, Nauman Ilias, Jeff Raileanu, Gloriana Alvarez, Sara Leshen, Andrea Ortu, Ben Wagner, and Phil Wolf. During the regulatory review, Israel submitted two Declarations to the FCC and made a presentation to the DOJ, demonstrating that the transaction would provide substantial consumer benefits while generating minimal, if any, upward pricing pressure in a properly defined mobile wireless services market, and that the transaction presented no issues related to spectrum concentration or other competitive concerns. The Compass Lexecon team also supported counsel in all aspects of the regulatory review including substantial work in responding to DOJ and FCC data requests.

Affiliation of Highmark and West Penn Allegheny Hospital System

Meg Guerin-Calvert served as the economic expert for the Pennsylvania Insurance Department (PID) to assist with the PID's evaluation of the potential competitive effects and benefits to the public interest of the insurance buying public of the proposed affiliation between Highmark, Inc. and West Penn Allegheny Hospital System (WPAHS) and resulting reorganization including the creation of an integrated delivery network (IDN). Compass Lexecon worked extensively with the PID and their outside counsel Blank Rome LLP (Lawrence Beaser, William Gramlich, William Roberts and Ray Shapiro) and financial consultants from Blackstone to review filings, reports and information provided to the PID, including those from various health care providers, insurers and other stakeholders in Western Pennsylvania, to evaluate the potential competitive effects and benefits to the public interest of the affiliation. Ms. Guerin-Calvert submitted an expert report addressing vertical integration, competitive effects in insurance and hospital services, benefits from integrated delivery systems and empirical assessment of claimed benefits and evaluating potential remedies such as firewall policies. The affiliation between Highmark and WPAHS was approved by the PID in April 2013, subject to a number of conditions including, *inter alia*, ones aimed at protecting consumers and preserving competition. Ms. Guerin-Calvert was supported by a Compass Lexecon team including Susan Manning, David Weiskopf, Mary Coleman, and Jeff Raileanu.

OTHER MATTERS

Study of Customer Asset Protection Insurance Authored by Dr. Christopher Culp

The failures of MF Global in October 2011 and Peregrine Financial Group in July 2012 prompted U.S. futures market participants and the Commodity Futures Trading Commission (CFTC) to implement significant changes that improve the protection of customer assets in U.S. futures markets. In addition to those enhancements, some industry participants and regulators contend that the creation of a customer asset protection insurance (CAPI) program could provide additional protections for customers of U.S. futures commission merchants (FCMs). Dr. Culp was retained in November 2012 by the CME Group, Futures Industry Association, Institute for Financial Markets, and National Futures Association to conduct a study of how CAPI might work in the U.S. futures industry and to evaluate the economic benefits and costs of alternative CAPI approaches. The completed study was released on November 15, 2013, and considered voluntary market-based solutions provided by private insurance or reinsurance companies, as well a government-mandated, universal coverage solution. In conducting the study, the Compass Lexecon team collected and analyzed significant data (including customer-level data provided by six FCMs), worked closely with CME Clearing to perform stress tests on the data, and shared the resulting risk analyses with 10 insurance and reinsurance companies. A consortium of eight reinsurance companies (five Lloyd's syndicates and three reinsurers in Bermuda and Switzerland) provided Compass Lexecon with cost estimates and specific terms for a possible private CAPI program that would cover up to $300 million in losses arising from the failure of an under-segregated FCM, thereby indicating a legitimate appetite for providing private reinsurance of CAPI for U.S. futures customers. The Compass Lexecon team also analyzed a government-mandated, universal coverage solution along the lines of the Securities Investor Protection Corp. (SIPC) that has been proposed by some policy makers and called the Futures Investor and Customer Protection Corporation (FICPC). The analysis indicates that FICPC would not reach its target funding level for 54-55 years after its inception and that, to be credible, would likely require government backing in the short-term. The study was directed and written by Compass Lexecon Senior Advisor Christopher Culp. His work included meetings with FCMs and futures industry customer coalitions, discussions with insurers and reinsurers, meetings with staff members of the House and Senate Agriculture committees, testimony before a subcommittee of the House Agriculture Committee, as well as frequent client interactions. Compass Lexecon Executive Vice Presidents Neal Lenhoff and David Ross were also integrally involved in all parts of the study.

Regulatory Guidance regarding Bank Stress Testing

Compass Lexecon affiliated expert David K.A. Mordecai was lead adviser to a global bank, providing technical oversight as well as interpreting regulatory guidance to a global bank for the development and implementation of a stress-testing model framework in accordance with BIS, FDIC, OCC and Federal Reserve guidelines and with generally accepted market practice. Michael Kwak and Tristram Worth in Compass Lexecon's New York office assisted Dr. Mordecai in the development and implementation of a forward-looking hierarchical model which simulated macroeconomic conditions with corresponding representative market spreads of the bank's risk exposures, by employing benchmark US Treasury, equity, mortgage, alternative investments, municipal, and foreign investment indices.

Econometrics Expertise in International Financial Institutions Arbitrations

Dr. Pablo Spiller and Dr. David K.A. Mordecai are leading a team of economists and analysts from Compass Lexecon's International Arbitration and Financial Litigation global practices that is actively engaged in providing financial econometrics expertise to develop and apply damage valuation models and analyses for financial institutions. These market-based financial econometric analyses can be applied to international arbitrations involving contractual and treaty disputes, such as those arising from the financial crisis. The Compass Lexecon team is coordinated by Sebastian Zuccon, Pablo Lopez Zadicoff and Michael Kwak.

HONORS, APPOINTMENTS, PRESENTATIONS & PUBLICATIONS

- At the 2013 Global Competition Review Annual Awards dinner, cases that Compass Lexecon worked on won five different awards, including Matter of the Year (Federal Trade Commission's Investigation of Google); Litigation of the Year (trial victory for Toshiba in the largest US antitrust class action trial in 2012); Merger Control of the Year – Europe (Glencore/Xstrata); Behavioral Matter of the Year – Americas (the U.S. Department of Justice investigation into electronic books pricing); and Behavioral Matter of the Year – Europe (the European Union e-books settlement).

- Jonathan Baker was once again a Contributing Editor for the Antitrust Law Journal as well as an Advisory Board Member for Telecommunications and Regulated Industries Abstracts (SSRN).

- John Bigelow and Robert Willig published "Reverse Payments" in 'Settlements of Patent Litigation: Split Opinions on Schering Plough's K-Dur (2005 and 2012), *The Antitrust Revolution* (6th Edition) July 2013.

- Dennis Carlton was a Keynote Speaker for the Sixth Annual Federal Trade Commission Microeconomics Conference, 2013. He also delivered the Heath Memorial Lecture, University of Florida, 2013; and Dennis took part in the "Economists' Roundtable on Hot Patent-Related Antitrust Issues," *Antitrust Magazine*, Summer 2013.

- Dennis Carlton was chosen the Distinguished Fellow for 2014 of the Industrial Organization Society and Dennis and Mark Israel won the award for Best Antitrust Analysis in Litigated Cases, Global Competition Review, 2013.

- Dennis Carlton and Allan Shampine published "An Economic Interpretation of FRAND", *Journal of Competition Law & Economics*, 2013.

- Mary Coleman continued her role as Chair of the Economics Committee of the ABA's Antitrust Section in 2013, and she presented at the ABA's Fall Forum in November 2013 on a panel discussing the role of market definition.

- Brad Cornell published "What Moves Stock Prices: Another Look," *The Journal of Portfolio Management*, 2013; "Discounted Cash Flow and Residual Earnings Valuation: A Comparison in the Context of Valuation Disputes, *Business Valuation Review*, 2013; and "Dividend-Price Ratios and Stock Returns: Another Look at the History," *Journal of Investing*, 2013.

- Chris Culp presented "Synthetic Credit Default Protection Products" at Northwestern University School of Law, Guest Lecture to "Derivatives: Uses, Abuses, and Regulation" Class, December 2013 (Chicago); "Customer Asset Protection Insurance," to the U.S. Senate Agriculture Committee Staff, November 2013 (Washington, D.C.); "Customer Asset Protection Insurance," to the U.S. House of Representatives Agriculture Committee Staff, November 2013 (Washington, D.C.); Chris also testified before the House Committee on Agriculture, Subcommittee on General Farm Commodities and Risk Management, U.S. House of Representatives regarding "The Future of the CFTC: Perspectives on Customer Protections," October 2013, and he was a panelist for "Has the Futures Industry Delivered on Enhanced Customer Asset Protection?" at the Futures Industry Expo, November 2013 (Chicago).

- Chris Culp published "Customer Asset Protection Insurance" commissioned by the Futures Industry, November 2013; "The Hong Kong Linked Rate Mechanism: Monetary Lessons for Economic Development," (with S. H. Hanke and J. G. Greenwood), *Studies in Applied Economics No. 6, Johns Hopkins Institute for Applied Economics*, *Global Health*, and *Study of Business Enterprise*, *The Johns Hopkins University*; June 2013; "Syndicated Leveraged Loans During and After the Crisis and the Role of the Shadow Banking System," (with J. P. Forrester), *Journal of Applied Corporate Finance,* 2013; and "U.S. Structured Finance Markets: Recent Recoveries, Post-Crisis Developments, and Ongoing Regulatory Uncertainties," *Journal of Structured Finance,* Winter 2013.

- Narsid Golic published "Treatment of Influential Observations and Outliers in Regression Analysis", ABA Section of *Litigation Trial Evidence*, November 2013.

- Meg Guerin-Calvert co-authored "Assessing Hospital Mergers and Rivalry in an Era of Health Care Reform," *Antitrust Magazine,* Summer 2013 (with Jeffrey Brennan). Meg was also one of the principal authors of a report issued by the World Economic Forum' Workplace Wellness Alliance on wellness programs, "Making the Right Investment: Employee Health and the Power of Metrics;" and she participated in related WEF meetings of Workplace Wellness Alliance members at Davos, Switzerland, January 2013.

- Meg Guerin-Calvert was a Signatory, Brief of Antitrust Economists as Amici Curiae before the Supreme Court, *Federal Trade Commission v. Actavis, Inc., et al.,* No. 12-416, February 28, 2013.

- Meg Guerin-Calvert also was an invited keynote speaker at the Hospital Association of South Africa 2013 Annual Conference, "Advancing Healthcare Together," Cape Town, South Africa, October 2013. Her presentation on "Extracting Efficiencies in Healthcare" addressed global issues of health and wellness, inefficiency and cost trends, new models of healthcare delivery such as population health and integrated delivery systems, and opportunities for efficiencies and improved outcomes with realignment in the context of competition policy. Meg also delivered a presentation assessing insights from hospital merger retrospectives for prospective merger analyses and overview of competitive effects at the ABA Retrospective Analysis of Agency Determinations in Merger Transactions Symposium, Washington, D.C., June 2013; she was a panelist and presented for the American Bar Association Continuing Legal Education seminar assessing implications for prospective merger analyses of Second Request study, "Risk Factors for Second Request Merger Investigations by the DOJ and FTC," September, 2013.

- At the Center for Healthcare Economics and Policy, Meg Guerin-Calvert participated in three studies: "The Economic Impact of Novant Health in North Carolina," April 2013; "How Hospital Mergers and Acquisitions Benefit the Community," June 2013 with an update-September 2013; co-author (with Jen Maki, PhD) of extensive review of hospital merger literature and trends: "Hospital Realignment: Mergers Offer Significant Patient and Community Benefits," January 2014.

- Mark Israel, Bryan Keating, Daniel Rubinfeld and Robert Willig published "Airline Network Effects and Consumer Welfare," *Review of Network Economics*, November 2013; this group also authored "The Delta-Northwest Merger: Consumer Benefits from Airline Network Effects, *The Antitrust Revolution*, July 2013.

- Mark Israel published "The Evolution of Internet Interconnection from Hierarchy to 'Mesh': Implications for Government Regulation," (with Stanley M. Besen), *Information Economics and Policy*, December 2013; Mark was also a panelist at both the Georgetown Law 7th Annual Global Antitrust Enforcement Symposium, "Merger Enforcement and Policy," September 2013, and the American Bar Association Section of Antitrust Law, for "Airline Mergers: First Class Results or Middle-Seat Misery?", May 2013.

- Joseph Kalt presented "Indigenous Self-Government: The Political Economy of the Only Policy That Has Ever Worked," Ministry of Business, Innovation and Employment, Government of New Zealand, Wellington, NZ, April 2013; and "American Indian Self-Government: The Political Economy of a Policy That's Worked," Dean's Distinguished Speakers Series, Univeristy of Auckland (NZ) Business School, April 2013.

- Joseph Kalt published "Constitutional Design," (with Jessie M. Mosqueda and C. Falan Yinug), for The Native Nations Institute for Leadership, Management and Policy, *Guides for Indigenous Governance*, March 2013.

- Sergey Khodjamirian published "The OFT's Approach to Attributing Merging Parties' Private Labels to Retailers for its Competitive Assessment: An Economic Comment Based on Bargaining Theory" *Global Competition Review*.

- Ben Klein published “Single Entity Analysis of Joint Ventures After American Needle: An Economic Perspective,” *Antitrust Law Journal*, 2013.

- Thilo Klein presented on numerous topics throughout the year, including “Economic Analysis in Cartel Investigations”, at the Cross-Border Cartel Law Enforcement and Defense, Jones Day and Bundesverband der Deutschen Industrie in Düsseldorf, May 2013; “Price Indexation – Antitrust Issues”, EU Energy Law and Policy Workshop, at the Florence School of Regulation in Brussels, Belgium, May 2013; “Economic Models to Determine Damages”, Workshop Private Enforcement: Topics of Cartel Damages Litigation, at the EBS Law School, Wiesbaden in Germany, June 2013; “Evidence in Merger Control: The EU and Beyond”, at the Competition Policy Forum, Compass Lexecon, Villa d’Este, in Lake Como, Italy, October 2013; “Cartel Damages Calculation”, at the International Antitrust Law and National Security, Kaye Scholer, in Frankfurt, Germany, October 2013.

- Darin Lee published “Airline Competition and Domestic U.S. Airfares: A Comprehensive Reappraisal,” (with Jan K. Brueckner and Ethan Singer), in *Economics of Transportation*, March 2013.

- Kenneth Lehn published “Financing the Business Firm,” (with Leonce Bargeron), in *The Oxford Handbook in Managerial Economics*, July 2013.

- Maya Meidan published “The Heterogeneous Effects of Trade Protection: A Study of U.S. Antidumping Duties on Portland Cement,” *Review of Industrial Organization*, June 2013; this article was selected this year’s winner of the annual prize for the best article by a younger scholar in the *Review of Industrial Organization*.

- David K.A. Mordecai participated on an invited panel of experts with keynote speaker Harry Markowitz, hosted at the UCLA Anderson School of Management, regarding challenges in application of financial modeling and valuation techniques during the crisis. Dr. Mordecai also participated on an invited panel of experts, along with senior executives from Lockton Companies as well as AIG Financial Lines & Specialty Claims Division, entitled “Key Issues for Boards of Directors: Opportunties and Challenges in CyberTech”, organized by Director’s Roundtable and hosted at Weil, Gotshal & Manges. The focus of the panel was upon liability issues and corporate governance concerns associated with cybersecurity, data privacy; the topic of Dr. Mordecai’s remarks, entitled “Cyborg Commerce: Corporate Risk Governance and Liability on The Wild Frontier”, specifically focused upon the practical considerations regarding the implications of computational economics and statistics for data forensics, cybersecurity and digital discovery.

- David K.A. Mordecai has been appointed as the first Scientist-in-Residence at FinTech Innovation Lab, an accelerator platform for early- and growth- stage technology firms, organized by The Partnership for New York City, co-founded by KKR CEO Henry Kravis with other leaders of global business and finance, in conjunction with Accenture and a consortium of venture capital firms and global financial institutions. As the first Scientist-in-Residence, Dr. Mordecai joins the Entrepreneurs Network at FinTech Innovation Lab, comprised of seasoned entrepreneurs that have successfully launched and scaled a financial technology company to acquisition or IPO, providing guidance to the FinTech portfolio companies on broad issues faced by senior management of financial technology companies.

- Jon Orszag authored "The Impact of Federal Revenues from Limiting Participation in the FCC 600 MHz Spectrum Auction," (with Philip Haile and Maya Meidan), commissioned by AT&T, October 2013; "The Definition of Small Business in the Marketplace Fairness Act of 2013," commissioned by eBay, Inc., October 2013; "The Benefits of Patent Settlements: New Survey Evidence on Factors Affecting Generic Drug Investment," (with Bret Dickey), commissioned by the Generic Pharmaceutical Association, July 2013. He also authored an op-ed piece "Hitting Budget Numbers May Be Up for Auction," *Roll Call*, December 2013.

- Jon Orszag was a panelist for "Five Bars: Spectrum Policy and the Future of the Digital Economy," at Third Way Briefing, House of Representatives, December 2013 (Washington, D.C.). Jon gave the speech "An Economic Perspective on Reverse Payment Settlements in the Pharmaceutical Sector," to the Generic Pharmaceutical Association 2013 Annual Meeting, February 2013 (Orlando, Florida); and he delivered "Navigating Our Economic Challenges and the Role of Public Policy," to the South Carolina Manufacturers Alliance Fourth Annual Textile Summit, January 2013 (Spartanburg, South Carolina).

- Jorge Padilla published "The Interplay between Competition Policy and Industrial Policy: Restructuring Declining Industries with Structural Overcapacity", *Concurrences*, 2013; "The Law and Economics of Article 102 TFEU," (with Robert O'Donoghue), Hart Publishing, 2013; "Settling FRAND disputes: Is Mandatory Arbitration a Reasonable and Non Discriminatory Alternative?" (with Boaz Moselle and Richard S. Taffet), available online at the *Social Science Research Network (SSRN).*

- Frédéric Palomino published "Internal vs External CEO Choice and the Structure of Compensation Contracts," (with Eloïc Peyrache), *Journal of Financial and Quantitative Analysis*, 2013, as well as "Performance Gender Gap: Does Competition Matter?" (with Evren Ors and Eloïc Peyrache), *Journal of Labor Economics*, 2013.

- Frédéric Palomino was engaged by multiple media outlets on the topic of compensation. On March 5, 2013, Frédéric was interviewed on radio station *Europe 1* for a debate on "say on pay". He appeared on *BFM Business* (television) April 17, 2013 to continue the same debate, and appeared again on *BFM Business* November 27, 2013 for a debate on CEO compensation. Frédéric was also interviewed by *Psychologie Magazine* in June 2013 on CEO compensation.

- Frédéric Palomino appeared in a hearing before Commission of Social Affairs of the French Parliament on gender differences in boards of administrations.

- Dan Rubinfeld and James Ratliff published "The Use and Threat of Injunctions in the RAND Context," *Journal of Competition Law and Economics*, January 2013 and "Understanding the Democratic Transition in South Africa," (with Robert Inman), *American Law and Economics Review*, January 2013.

- Atanu Saha and Allen Farrell co-authored "Calculating Damages in ERISA Litigation," *The Journal of Financial Perspectives*, 2013.

- David Shaharudin presented "Calculating Damages from Anticompetitive Behavior: Theory and Application" to the New Zealand Commerce Commission in Wellington, New Zealand, in May 2013.

- Allan Shampine published "The Role of Behavioral Economics in Antitrust Analysis" in ABA's *Antitrust*, Spring 2013; and reviewed "Strategic Patent Acquisitions" (by Fiona Scott Morton & Carl Shapiro), *Antitrust Source*, American Bar Association, October 2013.

If you would like to find out more details about our work or our experts, please feel free to email or call either of us.

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