



June 2015

Compass Lexecon's Annual Client Newsletter

Last year was another exceptional year for Compass Lexecon as reflected in the matters on which we were retained, the results our clients' achieved, and the quality of the experts and staff we attracted. We continue to be hired on the biggest, most complex cases and mergers around the globe.

For example, we worked (or are working) on the most important mergers: Staples/Office Depot; AT&T/DIRECTV; Comcast/Time Warner Cable; Reynolds/Lorillard; Sysco/US Foods; and Halliburton/Baker Hughes. In antitrust litigation, we worked on the CRT Price Fixing Litigation, the Optical Disk Drive litigation, and many others. In addition, in early 2015, Compass Lexecon was named the Competition Economist Firm of the Year by Who's Who Legal which included 33 Compass Lexecon experts and five additional academic affiliates from six different countries in its Who's Who of Competition Economists and named Janusz Ordovery Competition Economist of the Year. Among other awards, Compass Lexecon's Dennis Carlton was named the 2014 Economist of the Year by *Global Competition Review*.

Our litigation and finance practice also continued to thrive in the past year as we've served as consultants and experts for both plaintiffs and defendants for clients such as: iHeart (formerly Clear Channel) in an industry-wide rate setting proceeding for non-interactive webcasting before the Copyright Royalty Board; the Federal Housing Finance Agency in its multi-billion dollar mortgage backed securities litigations against various financial institutions; and British Petroleum in its complex litigation and settlement proceedings resulting from the Gulf oil spill. We've continued our dominant role as experts in the largest high stakes securities fraud and insider trading cases, ERISA cases, and state court proceedings in Delaware and elsewhere involving corporate governance, takeover and appraisal issues. We've also gotten increasingly involved in newer areas of litigation and investigation such as high frequency trading disputes and spoofing claims.

In the international arbitration arena, our clients won significant victories in a range of cases, including the largest settlement ever paid by Bolivia. In a survey of general counsel and private practice lawyers globally, Compass Lexecon's Pablo Spiller was named as one of the five most highly regarded experts in arbitration cases, and 13 other Compass Lexecon experts – from three continents – were listed among the top economic experts in the world. People on our team were described as “legendary,” “pre-eminent for treaty disputes,” “renowned,” “formidably intelligent,” and “perceptive, to the point and extremely well reasoned.”

We also continued to add to our roster of experts. In the competition space, we added Marius Schwartz, a Professor in the Department of Economics at Georgetown University and a

former FCC Chief Economist; David Dranove, the Walter McNerney Distinguished Professor at the Kellogg School of Management of Northwestern University, a leading expert on healthcare matters; and Andrew Sweeting, an Associate Professor in the Department of Economics at the University of Maryland focusing on industrial organization. In the finance space, we added Hendrik Bessembinder, the A. Blaine Huntsman Chaired Presidential Professor in the David Eccles School of Business at the University of Utah, a world-renowned market microstructure and trading expert; Michael Johannes, a Professor of Finance in the Graduate School of Business at Columbia University, an expert in complex derivatives, hedge funds and risk management; Ilya Strebulaev, a Professor in the Graduate School of Business at Stanford University, an expert in corporate finance, private equity and credit risk; and Dr. Andrew Roper, an expert in financial markets based in Silicon Valley.

The highlights of our consulting practice since our last newsletter are described below¹:

SELECTED MATTERS

Federal Housing Finance Agency v. Nomura Holding America Inc. et al.

In May 2015, Judge Denise Cote of the United States District Court for the Southern District of New York ruled in favor of the Federal Housing Finance Agency (“FHFA”), and found Nomura Holdings Inc. (“Nomura”) and RBS Securities Inc. (“RBS”) liable under Federal and State securities laws for making false representations in the offering documents of seven private label mortgage-backed securitizations (“RMBS”) between 2005 and 2007. The false representations related to the origination and underwriting characteristics of the loans in the supporting loan groups of the RMBS. After a lengthy trial, the Court concluded “The magnitude of falsity, conservatively measured, is enormous.” In a follow-up order, the Court awarded FHFA damages and prejudgment interest of \$806 million. Compass Lexecon served as consulting experts and provided support for testifying experts Professor G. William Schwert and Professor James Barth, who testified as rebuttal experts to defendants’ affirmative defense of loss causation. Based in substantial part on their testimony, Judge Cote, ultimately concluded after an extended multi-page critique of defendants’ experts’ analysis and testimony that defendants’ loss causation expert’s analysis “was completely eviscerated at trial.” Professor Schwert also testified as an affirmative expert on materiality; the judge found that Professor Schwert’s regression analysis “demonstrated the intuitive proposition that if the underlying collateral is riskier, one needs to provide more protection to structure a AAA rated security.” The FHFA was successfully represented at trial by Philippe Selendy, Rick Werder, Jonathan Oblak, Sascha Rand, Manisha Sheth and Andrew Dunlap of Quinn Emanuel Urquhart & Sullivan, LLP. The Compass Lexecon consulting team was headed by David Ross, and included Kevin Hartt, Jerry Lumer, Merritt Lyon, Erika Morris, Yoad Shefi, Elizabeth Wall and Yili Wang in our Chicago office. A separate Compass Lexecon consulting team focusing on accounting-related issues was headed by Elisabeth Browne in our Pasadena office. The Nomura case was the most recent in a long series of cases in which Compass Lexecon was retained by the FHFA as its principal economic expert consulting firm. These previously resolved cases resulted in settlements totaling \$18 billion.

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

Reynolds American / Lorillard Acquisition

A Compass Lexecon team including Dennis Carlton, Jon Orszag, Rick Flyer, Colleen Loughlin, Dan Stone, Kirupa Ramaiah and Jacqueline Barrett assisted Joe Sims, Craig Waldman, Geoffrey Oliver, Kate Wallace and Ausra Deluard of Jones Day, outside counsel to Reynolds American, Inc. in seeking FTC approval of Reynolds' proposed acquisition of Lorillard, Inc. The proposed \$27 billion transaction included planned divestiture of four brands – Winston, Salem, Kool and Maverick – to Imperial Tobacco Group PLC, with Reynolds obtaining the top-selling menthol brand, Newport. The key issue was whether the divestitures would offset any anticompetitive concerns from the combination of two of the top three cigarette manufacturers in the United States. The Compass Lexecon team performed extensive economic analyses and econometric modeling of the cigarette industry to provide insight into likely post-merger competitive effects. The Compass Lexecon team joined counsel in presenting economic evidence that the transaction was unlikely to cause significant harm to competition based on these studies, to the FTC both in meetings and in white paper materials. The FTC majority opinion concurred and stated, “We are therefore satisfied that Imperial is positioned to be a sufficiently robust and aggressive competitor against a merged Reynolds-Lorillard and Altria, and to offset the competitive concerns arising from Reynolds' acquisition of Lorillard.”

National Organization of Life and Health Insurance Guarantee Associations, et al. v PNC Bank

This case involved a multi-year Ponzi-like scheme to siphon funds from life insurance companies and bank trust accounts established to fund funeral services purchased in advance of death. Compass Lexecon was retained by plaintiffs, which included life and health guarantee associations in three dozen states, as well as the Special Deputy Receiver for two life insurance companies and National Prearranged Services, Inc. Multiple bank defendants were alleged to have breached their fiduciary duties as trustees of the trusts at issue by failing to properly monitor and control trust assets (a number of other parties were also sued). The case went to trial in February 2015 against PNC Bank, which was not involved in the wrongdoing but was successor-in-interest to Allegiant Bank (which served as a trustee from 1998 through 2004), and another (non-bank) party after other defendants, including other banks, settled. Jonathan Arnold, Senior Advisor to Compass Lexecon, filed multiple reports and testified at trial that the economic losses caused by Allegiant Bank totaled \$355.5 million. After a five week trial, and two days of deliberations, the jury found liability and awarded Dr. Arnold's \$355.5 million damages figure to the plaintiffs against PNC Bank, plus an additional \$35 million in punitive damages. The jury awarded damages of \$100 million against the other remaining defendant. Dr. Arnold worked with Compass Lexecon's President Professor Daniel Fischel on the case and was also supported by a team in the Chicago office that included Neal Lenhoff, Andria van der Merwe, Ron Laschever and Jac Connolly, among others. The team worked closely with lead trial counsel Dan Reilly and Larry Pozner of Reilly Pozner LLP who successfully represented plaintiffs. We also worked with other attorneys from that firm including Wendy Fisher, Clare Pennington and Glenn Roper, as well as with co-counsel Chris Fuller of The Fuller Law Firm, PC.

In re Optical Disk Drive Antitrust Litigation

In October 2014, Judge Richard Seeborg of the U.S. District Court for the Northern District of California issued an order denying class certification in a matter involving alleged price fixing by manufacturers of optical disk drives (“ODDs”), which include CDs, DVDs and Blu-Ray ODDs. Two groups of plaintiffs, direct purchaser plaintiffs (“DPPs”) and indirect purchaser plaintiffs (“IPPs”), submitted economic expert reports in support of their motions for class certification. Compass Lexecon Senior Consultant Professor Janusz Ordover submitted an expert report in support of defendants’ opposition to class certification, which identified several fundamental flaws in the analyses and conclusions of plaintiffs’ experts. Judge Seeborg agreed with Dr. Ordover’s opinions, concluding that neither group of plaintiffs “has presented a viable methodology for establishing class-wide antitrust injury and damages.” Judge Seeborg concluded that the flaws in plaintiffs’ experts’ correlation analyses, analyses of class-wide impact, and other empirical analyses, identified by Dr. Ordover, fatally undermined the analyses and conclusions of plaintiffs’ experts. Dr. Ordover was supported by a team led by Andres Lerner and Emmett Dacey in our Century City office that also included Aren Megerdichian, Janin Wimer, Joshua Waller, Joel Moore and Robert Oandasan. The Compass Lexecon team worked closely with counsel representing the defendants, including Ian Simmons of O’Melveny & Myers LLP and Daniel Wall and Belinda Lee of Latham & Watkins LLP. The defense team also included Mark Popofsky of Ropes & Gray LLP, Jeffrey Kessler, George Mastoris and Matthew DalSanto of Winston & Strawn LLP, Nathan Eimer of Eimer Stahl LLP, John Cove and Kieran Ringgenberg of Boies, Schiller & Flexner LLP, Charles Loughlin and Evan Werbel of Baker Botts LLP, David Bamberger of DLA Piper, Joel Kleinman of Dickstein Shapiro LLP, and Jason Levine of Vinson & Elkins LLP.

Settlement Related to Argentina’s Nationalization of YPF

Compass Lexecon was retained by counsel for Repsol to assist in quantifying damages in its ICSID arbitration claim relating to the 2012 nationalization of its majority equity investments in Argentina. The case was settled in April 2014 with Argentina’s payout of \$5 billion. Prior to nationalization, Repsol had controlling investments in the largest integrated Argentine oil and gas company, YPF S.A. and the LPG distributor Repsol YPF Gas S.A. Compass Lexecon’s damages assessment involved the application of several valuation methodologies to determine the fair market value of the integrated oil and gas business in Argentina, as well as other damages due to the complex ownership structure and shareholder agreements. We analyzed YPF’s business including upstream exploration blocks, oil and gas production activities, transportation and pipeline operations, refineries and refined products, industrial and agricultural chemicals, and consumer products. The Compass Lexecon team developed supply and demand equilibrium frameworks in the context of both regulated and unregulated prices on wellhead oil and gas markets, as well as on downstream petrochemical products. Compass Lexecon experts Dr. Manuel Abdala and Professor Pablo Spiller led this engagement supported by a team in our New York, Washington D.C., and Madrid offices which included Santiago Dellepiane, Anton García, Mark Sheiness, Erica Hoffmaster, Anna Marine Campos, Nancy Cherashore and Rachel Marx. The team worked closely with Nigel Blackaby, Lluís Paradell and Gustavo Topalian of Freshfields Bruckhaus Deringer LLP (Washington D.C.); Hector Mairal of Marval O’Farrell & Mairal (Buenos Aires); and Miguel Virgós and Cándido Paz Ares of Uría Menéndez (Madrid), who represented Repsol.

Hugh M. Caperton, et al. v. A.T. Massey Coal, Inc.

This case involved a lawsuit brought by Harman Corporation and its CEO Hugh Caperton against A.T. Massey Coal, Inc. (“Massey”). Plaintiffs accused Massey of tortious interference and fraudulent actions which allegedly rendered plaintiffs unable to continue in the business of mining and selling coal, caused them to lose their assets and all the profits they would have earned from 1998 to 2008, and caused them to eventually become insolvent. Plaintiffs and their experts claimed plaintiffs suffered over \$100 million in projected lost profits. Plaintiffs also sought other damages including unspecified punitive damages. Defendant’s counsel, Kellogg, Huber, Hansen, Todd, Evans & Figel, PLLC, retained Compass Lexecon and its President, Professor Daniel Fischel, to analyze the lost profits and other damages claims of plaintiffs and their experts. The case ultimately was tried before a jury in state court in Grundy, Virginia. At trial, Professor Fischel testified that plaintiffs’ experts improperly ignored Harman’s track record of losses and contemporaneous evidence of Harman’s desperate financial condition, and that contrary to plaintiffs’ experts’ unduly optimistic characterization of Harman’s future financial performance, Harman was facing a serious risk of bankruptcy and was unlikely to survive. Therefore, the experts’ estimates of Harman’s lost profits and other damages were contrary to the real world economic evidence and thus implausible. In May 2014, the jury returned a verdict for plaintiffs but only awarded damages of \$5 million, a tiny fraction of the claimed amount. Plaintiffs had already been awarded \$6 million in an earlier breach of contract trial involving related conduct which was potentially an offset to the jury award. Professor Fischel was assisted by Rajiv Gokhale, Jessica Mandel and Jonathan Polonsky of Compass Lexecon's Chicago office. We worked with the trial team of Kevin Huff (lead trial counsel), Silvija Strikis, Michael Guzman, Daniel Bird and Leslie Pope and others from Kellogg, Huber, Hansen, Todd, Evans & Figel, PLLC who successfully represented Massey. We also worked closely with Mark Hansen from the same firm. After trial the judge vacated the jury award for unrelated reasons and ordered a new trial.

Kenneth Novack v. GSI Commerce, Inc. et al.

Plaintiffs in this case alleged that defendants conspired to purposely and unreasonably undervalue Rue La La, an internet “private sales” business, in order to avoid triggering an earn-out provision in a previously negotiated merger agreement. The case ultimately went to trial and resulted in a defense jury verdict and a complete victory for Compass Lexecon’s clients. Compass Lexecon experts Professors Gordon Klein and Bradford Cornell acted as consultants in the case to defendants and testified by deposition. Professor Klein analyzed the accounting treatment of the transactions by all parties, and rebutted several opposing experts who opined that the multiple contemporaneous analyses of value were biased and should not be presumed to be fair value. Professor Cornell explained the typical measures of value used in earn-out agreements and concluded that the earn-out at issue did not include protections that could have been included if sellers had viewed the “fair value” of the company upon a subsequent sale as a “second way” of capturing value apart from the primary earn-out terms (which were based solely on EBITDA). Compass Lexecon was retained by and worked with John Hardiman and Benjamin Walker of Sullivan & Cromwell LLP. We also worked with Alexandra Walsh of Paul, Weiss, Rifkind, Wharton & Garrison LLP. Professors Cornell and Klein were supported by a team from Compass Lexecon’s Pasadena office led by Elisabeth Browne and John Haut.

SEC v. Manouchehr Moshayedi Insider Trading Jury Trial

The Securities and Exchange Commission (“SEC”) in this case accused Manouchehr Moshayedi, a founder of storage device maker sTec, Inc., of insider trading when he and his family sold \$267 million worth of shares in a secondary offering in August 2009. In July 2009, sTec Inc. announced a \$120 million volume agreement with its largest customer for the second half of that year. The SEC alleged that this announcement and later statements by Mr. Moshayedi misled the market into thinking such agreements would be “recurring” into 2010. The SEC also alleged that approximately three weeks later, Mr. Moshayedi knew that this customer would not need all of the inventory, and entered into a secret side deal to ensure that the customer took \$55 million of the \$120 million in the third quarter, to ensure that sTec’s Q3 guidance would meet analyst’s expectations. The SEC’s expert opined that analysts’ reactions to the announcement of the volume agreement showed that they expected such volume agreements to be recurring and identified an allegedly corrective disclosure later in the year and opined that the entire stock price drop on that date was attributable to this news. Compass Lexecon and our affiliate Harvard Professor Allen Ferrell were retained by the defendant to analyze the SEC’s allegations and rebut the SEC’s expert. Professor Ferrell opined that the SEC’s expert failed to properly analyze the impact of the announcement, and performed a sensitivity analysis on the range of stock price reactions attributable to a belief that the volume agreement was “recurring.” He also opined that the SEC’s expert had ignored confounding information on the date of the alleged corrective disclosure, making his analysis of materiality unreliable. Finally, Professor Ferrell calculated the probable reaction to “perfect information” about future demand, and showed that the maximum impact on sTec Inc.’s stock price would have been far less than the SEC was seeking in punishment. Professor Ferrell submitted an expert report and testified by deposition. At trial, the SEC did not call its expert. In June 2014, a federal court ruled against the SEC, finding no liability and rendering a complete victory for the defendant. Compass Lexecon worked with Patrick Gibbs, Matthew Rawlinson and Colleen Smith of Latham & Watkins LLP and Thomas Zaccaro and Howard Privette II of Paul Hastings LLP, who successfully represented the defendant at trial. Professor Ferrell was supported by a team in Compass Lexecon’s Pasadena office led by Elisabeth Browne and John Haut.

Australian Competition and Consumer Commission v. Air New Zealand Limited

The Australian Competition and Consumer Commission (“ACCC”) alleged that Air New Zealand colluded with other airlines to fix surcharges and fees on the carriage of air cargo from Hong Kong and Singapore to Australia. Justice Perram of the Federal Court of Australia dismissed the case, finding the markets at issue were outside of Australia. In dismissing the charges, Justice Perram relied on the testimony of Compass Lexecon expert Professor Richard Gilbert. The ACCC brought suit under the Trade Practices Act of 1974, which covers only conduct that takes place in a market in Australia. Thus, a key issue in the litigation was the question of the location of the markets for air cargo services to Australia for cargo originating outside of Australia. The ACCC’s economic experts claimed that the markets for air cargo destined for Australia encompasses Australia because the demand for goods delivered by air cargo was located in Australia and decisions regarding which air carrier to use were sometimes made in Australia, among other reasons. Air New Zealand retained Professor Richard Gilbert and Compass Lexecon to address the geographic location of markets for air cargo. Professor Gilbert opined that the appropriate method for determining the location of a market was to identify the boundaries of the relevant geographic market. Moreover, relevant market analysis

shows the connections to Australia that the ACCC's experts highlighted do not imply that the market for air cargo services to Australia encompasses Australia. Instead, the competition among air carriers to provide transportation to Australia takes place overseas because the competing alternatives to transport cargo from points overseas to Australia are located overseas. Relying on Professor Gilbert's testimony, the Court found that to the extent there were agreements regarding fuel surcharges, they occurred in markets outside of Australia. Notably, Air New Zealand and Garuda were the only two airlines to take the ACCC to trial on these issues. Other airlines reached settlements with the ACCC and paid fines totaling \$98.5 million (AUD). Professor Gilbert was assisted by a team in Compass Lexecon's Boston office led by Steven Peterson. Compass Lexecon worked closely with Michelle Carr of Corrs Chambers Westgarth.

Bank of America \$8.5 Billion Settlement Approval Proceeding

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 Trusts and Bank of America. The Trusts had purchased mortgage backed securities from Countrywide prior to its acquisition by Bank of America. After the securities performed worse than expected, a group of institutional investors and Bank of America, with assistance from BNYM, negotiated a proposed settlement whereby Bank of America 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 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 Countrywide's substantial bankruptcy risk, and the reaction of market participants to the proposed settlement all supported its fairness. Compass Lexecon affiliate, Professor Robert Daines, also testified. He explained among other things that the Trusts would be unlikely to recover from Bank of America on a successor liability or other theory if the settlement was rejected. New York State Supreme Court Judge Barbara Kapnick found that BNYM acted in good faith and approved all aspects of the settlement except for the release of one claim. Judge Kapnick's decision was appealed to the Appellate Division of the New York State Supreme Court. In a unanimous decision, the appellate court found that the Trustee did not abuse its discretion and approved the settlement in its entirety. 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 LLP and Hector Gonzalez and Mauricio España of Dechert LLP who successfully represented BNYM.

Raymond M. Pfeil, et al. v. State Street Bank and Trust Co.

In this case, plaintiffs alleged a breach of fiduciary duty by State Street Bank and Trust Co. ("State Street") for failure to prudently manage the assets in General Motors Corporation's ("GM") two main 401k plans, in violation of Section 404 of ERISA. Specifically, plaintiffs alleged that State Street, in its role as a fiduciary and investment manager for the GM Stock Fund, breached its fiduciary duty by having the fund continue to hold GM stock during the class period, despite a number of alleged "red flags." Compass Lexecon affiliate Professor Kenneth Lehn was retained by counsel for State Street to opine as to whether it was reasonable for State

Street to continue to hold GM stock during the class period. Based on the economic evidence, Professor Lehn concluded that it was reasonable for State Street to continue to hold GM stock in the Stock Fund. In the opinion and order granting Defendant State Street's Motion for Summary Judgment, Judge Denise Hood of the U.S. District Court, Eastern District of Michigan, Southern Division cited and relied on several of Professor Lehn's conclusions. Defendants were successfully represented by Bill Boies and Nancy Ross of McDermott Will & Emery.

Historic New Zealand Securities Fraud Trial

In a total victory for defendants in the first shareholder class action brought in New Zealand, the High Court ruled in this case that the IPO prospectus for Feltex Carpets Limited did not contain any material misstatements or omissions. The plaintiff class alleged that defendants made numerous material misstatements and omissions in Feltex's prospectus, which resulted in its IPO taking place in early June 2004 at a significantly inflated price and thereby caused substantial shareholder losses. Compass Lexecon Senior Consultant Professor Bradford Cornell was retained by defendants (Feltex's selling shareholder and IPO promoter, Credit Suisse; joint lead managers First NZ Capital and Forsyth Barr; and Feltex's management team) to analyze loss causation and damages. In his trial testimony, Professor Cornell explained that shareholder losses caused by misstatements and omissions in a prospectus can be measured by examining the difference between the offering price of the stock in question and the price at which the stock would have traded if those misstatements and omissions had been fully disclosed. Professor Cornell concluded that there was no significant share price reaction when certain alleged misrepresentations were disclosed, demonstrating that there was no sound economic basis to conclude that these alleged misrepresentations had a material effect on Feltex's IPO price. In arriving at findings that may have widespread implications for future securities class actions brought in New Zealand, the High Court agreed with Professor Cornell, stating: "As Professor Cornell emphasized, the lack of reaction in terms of the share price at that time tends to confirm that the difference was not material." The High Court also favorably cited Professor Cornell's testimony on measuring loss, noted that the plaintiff did not provide any rebuttal testimony, and rejected the plaintiffs' alternative theory of full recovery of the price paid for Feltex shares in the IPO. Professor Cornell was supported by John Haut, Peter Clayburgh, Eric Madsen, Shawn Chen, and others from Compass Lexecon's Pasadena office. We worked with Adrian Olney and Chris Curran of Russell McVeagh and David Cooper of Bell Gully.

GSI Technology, Inc. v. Cypress Semiconductor Corp.

Compass Lexecon was retained by Mayer Brown LLP on behalf of Cypress Semiconductor to evaluate antitrust claims made by GSI Technology. GSI alleged that Cypress had engaged in collusive activity related to a standard setting consortium for SRAM. In particular, GSI alleged that the consortium of which Cypress was a member was formed and acted to monopolize the market and exclude competitors such as GSI. Compass Lexecon Senior Consultant Professor Robert Willig, assisted by Dr. Allan Shampine in the Chicago office, submitted two reports and was deposed prior to the case being settled. We worked with attorneys from Mayer Brown LLP, including Lee Rubin and Christopher Kelly, who represented Cypress.

LCD Price Fixing Litigation

Following a U.S. Department of Justice investigation into allegations of price fixing on LCD panels, a group of LCD panel manufacturers has been involved in a series of related civil litigations in different jurisdictions. Compass Lexecon expert Professor Dennis Carlton has been providing damages analyses for defendants in these cases for the last several years, and these cases continue to be resolved at damages levels far below plaintiffs' requested amounts. In 2014, Professor Carlton provided expert testimony on behalf of AU Optronics, represented by Nossaman LLP; Chi Mei Innolux, represented by Davis Polk & Wardwell LLP; Chunghwa Picture Tubes, represented by Gibson, Dunn & Crutcher LLP; Epson, represented by Morrison & Foerster LLP; HannStar, represented by Simpson Thacher & Bartlett LLP; Hitachi, represented by Morgan, Lewis & Bockius LLP; LG Display, represented by Paul Hastings LLP and Munger, Tolles & Olson LLP; Samsung Electronics, represented by Covington & Burling LLP; Samsung SDI, represented by Sheppard, Mullin, Richter & Hampton, LLP; Sharp, represented by Pillsbury Winthrop Shaw Pittman LLP; and Toshiba, represented by White & Case LLP. 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, Loren Poulsen and many others.

Morgan Stanley and Van Kampen Auction Rate Securities Derivative Litigation

Morgan Stanley and Van Kampen served as investment advisors to various closed-end municipal and taxable bond funds. In order to generate leverage, the funds issued auction rate preferred securities ("ARPS"). In February 2008, the downgrades of monoline bond insurers and other ripple effects of the financial crisis resulted in a virtual freeze in the ARPS market, thereby eliminating liquidity for investors in ARPS. The funds decided to redeem a percentage of their ARPS at par and replace the leverage with other types of financing (notably, tender option bonds). Classes of common stock shareholders in the funds sued Morgan Stanley Investment Advisors Inc., Van Kampen Asset Management, and others in shareholder derivative actions, and the boards of directors of the funds appointed special litigation committees ("SLCs") to determine whether to support the derivative litigation. Defendants engaged Compass Lexecon affiliate Professor Christopher Culp, along with a team in our Chicago office led by David Gross and Laura Yergesheva, to analyze the ARPS market and to determine whether shareholders were damaged by the boards' decisions to redeem ARPS. In particular, Professor Culp and his team analyzed plaintiffs' claims that tender option bond financing was costlier and riskier than ARPS financing and that the funds' at-par redemptions of ARPS were inappropriate. Professor Culp concluded that the common shareholders of the Funds did not suffer any damages as a result of the refinancing of ARPS with tender option bonds; that both the cost and risk of tender option bond financing and ARPS financing for the funds are comparable; and that the Funds made a reasonable decision to redeem ARPS at par. Both SLCs extensively cited Professor Culp's expert reports and concluded that it was not in the funds' best interest to support the derivative litigation. The Supreme Court of the State of New York, County of New York dismissed the derivative litigation, citing Professor Culp's expert reports and the reports of the SLCs. Judge Marcy Friedman wrote that "Plaintiffs have failed to rebut the trusts' showing and to demonstrate that the independent trustees' determinations were not made in good faith after reasonable inquiry.... The decision of disinterested trustees, based on a comprehensive report of a disinterested special litigation committee, is protected by the business judgment rule." Compass

Lexecon was retained in this matter by Richard Rosen and others at Paul, Weiss, Rifkind, Wharton & Garrison LLP who successfully represented defendants.

Shareholder Dispute Regarding the Transaction Price for MHTL's Shares

Compass Lexecon was retained by the Barbados-based Consolidated Energy Limited ("CEL") to provide expert testimony in its shareholder dispute against its former partners, CLICO and CL Financial ("CLF"), regarding the value and control of Methanol Holdings Trinidad Limited ("MHTL"), one of the largest worldwide methanol and UAN companies. The shareholder dispute had its origin in early 2009 when, as a result of the financial crisis, CLICO and CLF were rescued by the Government of Trinidad and Tobago, which took control of their combined 56.53% shares in MHTL as part of a bailout process. CEL claimed that its partners had failed to respect its rights of first refusal and that the Government's presence on MHTL's board had negatively affected MHTL's performance. In a series of rulings, an International Chamber of Commerce ("ICC") Tribunal found that CLICO and CLF engaged in conduct qualified as oppression and that the remedy to end oppression was for respondents to negotiate and complete the terms of a transfer of their 56.53% stake in MHTL to CEL by no later than January 2014. The Tribunal followed Compass Lexecon expert Dr. Manuel Abdala's recommendation that the valuation of the shares should be based on fair market value, including a discount for illiquidity due to, among other factors, the restrictive exit conditions of the Shareholders Agreement. Because the parties failed to agree on a transaction price by January 2014, a final hearing was held in May 2014 to assist the Tribunal rule in setting the fair market value of MHTL's equity stake. The Tribunal endorsed Dr. Abdala's view that for this case DCF was the only method that could be relied on to assess fair market value, and set the transaction price at US\$1.175 billion. Dr. Abdala was supported by a Compass Lexecon team including Sebastian Zuccon, Daniela Bambaci, Alan Rozenberg, Maria Agustina Gallo and Carlo Tanghetti. Professor Pablo Spiller acted as co-expert with Dr. Abdala in the early phase of the dispute. Our team worked with Jeff Chambers, Eileen O' Neill, Tim Lankau, Michelle Meriam and Don Jackson of Ware Jackson Lee & Chambers LLP, counsel for CEL.

Marriott International ERISA Case

Plaintiffs in this long-standing matter represented employees of Marriott that received deferred stock bonus awards as part of their compensation between the years 1976 and 1989. Plaintiffs alleged that the plan used by Marriott to grant deferred stock bonus awards should have been subject to statutory vesting schedules provided by the Employee Retirement Income Security Act of 1974 ("ERISA"). Plaintiffs sought damages for the thousands of employees that received deferred stock bonuses over this time period. Marriott contended that the plan at issue qualified as a "top hat" plan under ERISA, which provides an exemption for plans providing deferred compensation for a "select group of management or highly-compensated employees." Compass Lexecon was retained by Marriott to analyze historical data summarizing the size and characteristics of the company's workforce and the compensation paid to employees from 1976-1989. During an extensive discovery period, Marriott produced voluminous records, including decades-old electronic data and paper records from its payroll and bonus systems. Compass Lexecon Executive Vice President Kevin Dages submitted a series of expert reports which provided statistical evidence that only a very small percentage of Marriott's employees received deferred stock awards over this time period and that those employees were among the most highly compensated employees in the company. Mr. Dages also provided rebuttal testimony

criticizing plaintiffs' experts' opinions. In January 2015, Judge Roger Titus of U.S. District Court in Maryland granted Marriott's Motion for Summary Judgment, holding that the plan satisfied the "top hat" exemption from ERISA. In an oral opinion read into the record, the Court adopted Marriott's statistical analysis in reaching its opinion and explicitly rejecting the statistical approach put forward by plaintiffs and their experts. Mr. Dages was supported by a team in our Chicago office led by Evan McKay. Compass Lexecon worked with Mark Muedeking, Ian Taylor, and Jennifer Squillario of DLA Piper and Jeffrey Poston of Crowell & Moring LLP.

Fischel Study on Effect of Fossil Fuel Divestment Proposals on University Endowments

Colleges and Universities across the country are being pressured by student groups and political organizations to divest fossil fuel stocks from their endowments. In response to this pressure, the Independent Petroleum Association of America retained Compass Lexecon and its President Professor Daniel Fischel, to perform a study to analyze the effect of these divestment proposals on university endowments. The Fischel study concluded that fossil fuel divestment is likely to substantially impair university endowments, with little or no effect on the companies being targeted. The Fischel study found that, of the 10 major industry sectors in the U.S. equity markets, energy has the lowest correlation with all others, followed by utilities – meaning that companies in these sectors provide the largest potential diversification benefit to investors, and that divestment would reduce returns substantially. In particular, Professor Fischel's study tracked the performance of two hypothetical investment portfolios over a 50-year period: one that included energy-related stocks, and another that did not. The portfolio that included energy stocks generated average annual returns 0.7 percentage points greater than the portfolio that excluded them on an absolute basis and 0.5 percentage points per year higher on a risk adjusted basis. Professor Fischel's study also found that ongoing management fees are likely to be as much as three times higher for a portfolio divested of fossil fuel stocks. Taken together, these and other costs have the potential to reduce annual endowment growth by billions of dollars annually. If applied to total U.S. university endowments, divestment could decrease investment returns by over \$2 billion annually due to lost diversification benefits, and further incur an additional \$230 million in annual compliance costs. A reduction in wealth of this magnitude could have a substantial impact on the ability of universities to fund research, services and scholarships. Professor Fischel was supported by a team in Compass Lexecon's Chicago and New York offices that included Todd Kendall and Chris Fiore.

Pan American Energy LLC v. Plurinational State of Bolivia ICSID Case

Pan American Energy LLC retained Compass Lexecon experts Dr. Manuel Abdala and Professor Pablo Spiller to provide expert advice and testimony on the economic impact of several measures affecting its investments in Empresa Petrolera Chaco S.A. in Bolivia. These measures included regulatory changes stemming from legislation issued in 2006, and which ultimately included changes to price regulations, increases in royalties, and eventually the expropriation of its 50% ownership (which the Government transferred to YPF's, Bolivia's state-run oil and gas company). The Compass Lexecon team performed valuation, regulatory, and damages analyses in a context of evolving regulatory, taxation and product market conditions. The parties finalized a settlement in December 2014 allowing Pan American to recover US\$357 million which is said to be the highest settlement amount Bolivia had ever agreed to pay a foreign investor. Dr. Abdala and Professor Spiller were assisted by a team led by

Carla Chavich and Ariel Medvedeff in Compass Lexecon's New York and Buenos Aires offices. Other team members included Marcelo Schoeters, Daniela Bambaci, Gustavo De Marco and Luisa Foster. Compass Lexecon worked closely with Nigel Blackaby and Noiana Marigo of Freshfields Bruckhaus Deringer LLP.

FDIC v. CoreLogic

Compass Lexecon was retained by A. Matthew Ashley of Irell & Manella LLP to support real estate and accounting expert Eric Sussman on behalf of CoreLogic in a suit brought by the FDIC as Receiver for Washington Mutual Bank ("WaMu"). The FDIC sued CoreLogic for gross negligence and breach of contract related to over 260,000 appraisals of residential mortgage loans, seeking to recover losses of over \$129 million from loans it says WaMu would not have made in the absence of overstated values. Professor Sussman explained the accounting for loan impairments under FAS 114 and opined that such charge-offs and loss reserves cannot be used to measure economic damages because they do not represent actual economic losses and do not provide information on the cause of any losses. The case settled for \$12 million. Professor Sussman was supported by Elisabeth Browne in Compass Lexecon's Pasadena Office.

Major RMBS Settlement Between Citigroup and Trustees

Compass Lexecon Senior Consultant Professor Bradford Cornell was retained by Michael Kraut, Rollin Chippey, II and Ben Smith of Morgan, Lewis & Bockius LLP, Jean-Marie Atamian of Mayer Brown LLP and Thomas Ross Hooper of Seward & Kissel LLP, to advise Deutsche Bank, HSBC, Law Debenture Trust Company of New York and U.S. Bank (the Trustees), on a \$1.125 billion offer by Citigroup to settle claims relating to representations, warranties and documentation on mortgages conveyed to 68 RMBS Trusts. Professor Cornell provided a report to the Trustees advising them on the reasonableness and adequacy of the proposed settlement for each of the 206 loan groups within the 68 Trusts. He subsequently submitted three supplemental reports to reflect new developments after the submission of his original report. The Trustees initially agreed with Professor Cornell's recommendations with respect to 204 of the 206 loan groups. Ultimately, the Trustees accepted the settlement for 199 loan groups and asked the New York State Supreme Court to approve the settlement for those loan groups. Judge Marcy Friedman required anyone seeking to object to the settlement to notify the court on or before April 17, 2015. On April 17, 2015, this deadline passed without any objections to the settlement. Professor Cornell was supported by a team including Jerry Lumer, Neal Lenhoff, Kevin Hart and Donnie Hong, in Compass Lexecon's Chicago office, and many others.

Maher vs. Port Authority

In April 2014, Federal Maritime Commission Administrative Law Judge Erin M. Wirth dismissed with prejudice claims that our client, The Port Authority of New York and New Jersey ("PANYNJ"), committed multiple violations of the Shipping Act of 1984. Complainant Maher Terminals ("Maher") alleged that PANYNJ's lease agreement with APM Terminals ("APMT") violated the Shipping Act of 1984 because it unreasonably provided more favorable terms than were provided to Maher in PANYNJ's lease agreement with Maher. Compass Lexecon's President Professor Daniel Fischel submitted two reports and testified at deposition that, among other things, complainant's expert failed to account for key economic differences between the Maher and APMT leases and did not establish that Maher was discriminated against. Compass

Lexecon Executive Vice President Fredrick Flyer also submitted a report and testified at deposition that, among other things, PANYNJ gained shipping business as a result of its lease agreement with APMT and that Maher benefited from that incremental business. In ruling for our client PANYNJ, Judge Wirth noted that while there were differences in the leases that PANYNJ negotiated with APMT and Maher, “those differences were based on different risks presented and benefits received by each entity” and that “economic realities justify PANYNJ not offering the same terms to Maher.” PANYNJ was successfully represented by Richard Rothman and Alex Levine of Weil, Gotshal & Manges LLP. Professor Fischel was supported by a team in the Chicago office led by George Hickey and Dr. Flyer was supported by a team in the Chicago office led by Kirupa Ramaiah.

PCA Tribunal Case Relating to Bolivian Nationalization of Empresa Eléctrica Guaracachi S.A.

A Compass Lexecon team, led by Dr. Manuel Abdala as expert, assisted Guaracachi America Inc. (“GAI”) and Rurelec PLC (“claimants”) in determining damages based on the fair market value of their 50% equity stake in Empresa Eléctrica Guaracachi S.A. (“EGSA”), a 200 MW conglomerate of various power plants located in Bolivia. The claimants’ equity had been nationalized without compensation in May 2010. The January 2014 award by a PCA Tribunal granted compensation of over US\$35 million, which was settled with a payment by Bolivia of US\$31.5 million in early June 2014. During the proceedings, the opposing expert opined that EGSA’s equity was worthless, while Dr. Abdala showed that, despite operating in a low-price regulated environment, expected supply and demand conditions in Bolivia’s wholesale electricity market would have enabled EGSA to generate sufficient cash flows not only to repay its financial debt, but also to generate positive value to its shareholders. Dr. Abdala was assisted by Marcelo Schoeters, Julián Delamer, Gustavo De Marco, Federico Villar and Daniela Repetto. Compass Lexecon was retained by counsel to claimants, which included Nigel Blackaby, Noah Rubins and Lluís Paradell of Freshfields Bruckhaus Deringer LLP.

Trustees’ Settlement with JP Morgan

Compass Lexecon was retained by counsel for the Bank of New York Mellon, Deutsche Bank National Trust Company, HSBC, Law Debenture Trust Company, U.S. Bank, Wells Fargo and Wilmington Trust, as Trustees for 330 RMBS Trusts. We were asked to advise the Trustees on a \$4.5 billion offer by JP Morgan to settle claims relating to mortgages conveyed to the RMBS Trusts by JP Morgan and Bear Stearns. After the mortgages conveyed by JP Morgan and Bear Stearns performed worse than expected, a group of institutional investors and JP Morgan negotiated a proposed settlement whereby JP Morgan would pay \$4.5 billion to the Trusts and agree to certain servicing improvements. Compass Lexecon’s President Professor Daniel Fischel filed multiple reports advising the Trustees on reasonableness and adequacy of the settlement offer for each Trust and each Loan Group within each Trust. Professor Fischel was supported by a team in Compass Lexecon’s Chicago office which included Jerry Lumer, Alan Frankel, Rajiv Gokhale, Kevin Hartt, Donnie Hong and many others. The team worked closely with Matt Martel and Joe Sconyers of Jones Day, Jason Kravitt, Matt Ingber, Sagi Tamir, Chris Houpt and Jean-Marie Atamian of Mayer Brown LLP, Bill Munno and Ross Hooper of Seward and Kissel LLP, Michael Kraut of Morgan Lewis & Bockius LLP, Jason Solomon and Michael Johnson of Alston & Bird LLP and Robert Schnell, Stephen Mertz and Michael Krauss of Faegre Baker Daniels LLP.

Belgian Competition Authority Investigation of Electrabel

The Belgian Competition Authority (“BCA”) investigated putative anticompetitive practices of the historical electricity operator Electrabel in the Belgian wholesale day-ahead market. BCA expressed concern that Electrabel, which would have held a dominant position, would have abused its dominant position by physically withdrawing capacities (e.g. through plant maintenance) and/or charging excessive prices amounting to an economic withdrawal of capacity. Compass Lexecon provided economic analyses of (i) product and geographic market definition in connection with the articulation of wholesale spot and forward markets, as well as with the coupling of the French, Dutch, German and Belgian wholesale markets; (ii) the alleged dominance of Electrabel over the Belgian wholesale day-ahead market, through a pivotality analysis; (iii) the objective justifications of the bidding scheme (the “bid ladder”) implemented by Electrabel; and (iv) the impact of the alleged practices upon wholesale prices. Compass Lexecon submitted expert reports and participated at the BCA hearing. The BCA dropped several of its initial claims, only retaining part of the bid ladder scheme, acknowledging it had only a minor impact, and thus imposed a very moderate sanction on Electrabel. The Compass Lexecon team comprised David Sevy, Boaz Moselle, Dmitri Perekhodtsev, Enrique Andreu and Anastasia Tseomashkho. We worked with Alexandre Vandencastele and Annick Vroninks of Ashurst LLP.

C.R. Bard Preliminary Injunction

In this case, Compass Lexecon’s client C.R. Bard (“Bard”) sought a preliminary injunction to halt Cryolife Inc.’s sales of a hemostatic medical product that Bard and its Medafor Inc. unit claimed infringed one of its U.S. patents. Compass Lexecon Senior Advisor Jonathan Arnold was retained by Bard’s outside counsel to analyze irreparable harm to Bard and Medafor in support of its preliminary injunction motion. Delaware U.S. District Court Judge Sue L. Robinson granted a preliminary injunction that she termed an “extraordinary remedy,” stating that “Medafor has made persuasive arguments for the loss of its customer base and damage to its goodwill.” The finding was based in part on the testimony of Dr. Arnold who opined that Bard would suffer irreparable harm in the form of price erosion, lost unit sales, and loss of goodwill without the injunction. Dr. Arnold was supported by Rahul Sekhar and David Strahlberg in Compass Lexecon’s Chicago office. We worked with John O’Quinn, Steve Cherny, Amanda Hollis and Michael Pearson of Kirkland & Ellis LLP who successfully represented Bard.

France Farine

In 2012, the French Competition Authority (“FCA”) sanctioned flour producers for a cartel involving market sharing between France and Germany, as well as for setting up a commercialization joint venture (“JV”). David Sevy and Frédéric Palomino submitted an expert report in the appeal procedure, addressing the efficiency effects and lack of demonstrated anticompetitive effects of the commercialization JV. In its November 2014 judgment, the Paris Court of Appeal annulled the portion of the FCA’s decision relating to the commercialization JV, thereby eliminating Euro 145 million in fines that had been imposed by the FCA on the participants in the JV. The appeals court’s judgment favorably cited the economic analysis submitted by Compass Lexecon related to the efficiency rationale for the JV. We worked with Léna Sersiron of Baker & McKenzie.

It's My Party, Inc. and It's My Amphitheater, Inc. v. Live Nation, Inc.

Live Nation was sued by a Baltimore/Washington, D.C. area concert promoter and venue operator for allegedly forcing artists to perform at Live Nation's venue when they performed in the D.C. area. The plaintiff alleged that Live Nation engaged in anticompetitive tying by coercing major popular music artists who wanted to play at certain Live Nation venues outside of Washington D.C. or who wanted Live Nation to promote their tours, to play at Live Nation's venue in the Baltimore/Washington, D.C. area. Plaintiff also alleged Live Nation monopolized concert venues and concert promotion. After five years of litigation, including full expert discovery, a federal judge granted summary judgment in favor of Compass Lexecon's client, Live Nation. With respect to the tying claims, the judge concluded that plaintiff's relevant market definitions were defective and that there was no evidence of coercion. The judge further concluded Live Nation did not possess monopoly power. Live Nation's motion to exclude testimony of plaintiff's economic expert was also granted with the judge concluding that plaintiff's expert's methodology for defining his relevant venue market was unreliable. Compass Lexecon expert Professor Benjamin Klein was retained by Live Nation and analyzed plaintiff's tying and monopolization claims. Michael Smith served as damages expert and also led the support team of Aren Megerdichian and Shuting Zhang in Compass Lexecon's Century City office. We worked with Jonathan Jacobson, Charles Biggio, Chul Pak, Lucy Yen and Kimberly Piro of Wilson Sonsini Goodrich & Rosati in New York.

Signet Jewellers acquires Zales Corporation

In May of 2014, Signet Jewelers acquired the Zales Corporation from a large global specialty jewelry retailer with many thousands of retail locations around the world. The combined company operates several retail jewelry chains in the United States including Jared, Kay and Zales. A Compass Lexecon team undertook an economic analysis of the competitive effects associated with Signet's acquisition of Zales. The analysis showed that the transaction was unlikely to lead to higher retail jewelry pricing despite the combined size and reach of the company. Compass Lexecon's economic analysis provided support to Signet's antitrust team headed by Steve Newborn and Brianne Kucerik of Weil Gotshal & Manges LLP. The Compass Lexecon team included Dennis Carlton, Rick Flyer, Dan Stone and Deborah Healy.

Guidant Merger Litigation

In this case, Johnson & Johnson accused Guidant of breaching terms in a merger agreement between the two companies when another firm, Boston Scientific, emerged as a competitive bidder for and ultimately acquired Guidant. Johnson & Johnson claimed that the alleged breach caused over \$7 billion in damages because it was unable to acquire Guidant at the price specified in the agreement. Compass Lexecon Senior Consultant Professor Bradford Cornell testified that Johnson & Johnson's estimate of damage was unreliable. One of Johnson & Johnson's damage theories claimed that but-for the breach it would have acquired Guidant at the price specified in the agreement and would have received its estimated investment value that included expected merger-related synergies. Professor Cornell explained that Johnson & Johnson's ability to acquire Guidant at the price specified in the agreement was not reasonably certain given the emergence of a higher unsolicited bid from Boston Scientific. He also pointed out that Johnson & Johnson's estimates of investment value were highly sensitive to modeling

assumptions and that expected merger-related synergies often do not materialize. While awaiting the Court's decision, the case settled on favorable terms. After the settlement announcement, Boston Scientific's stock price increased by over 12% from the previous day's close. Compass Lexecon worked with John Gueli and Daniel Laguardia of Shearman & Sterling LLP and William Ohlemeyer and Jack Wilson of Boies, Schiller & Flexner LLP. Professor Cornell was supported by a team in our Northern California and Pasadena offices that included Andrew Roper, John Haut and Keming Liang.

DSM Desotech v. 3D Systems Antitrust Litigation

DSM Desotech sued 3D Systems, Inc. alleging that 3D Systems engaged in anticompetitive conduct, including illegal tying, in a market for stereo lithography machines. Compass Lexecon expert Professor Dennis Carlton submitted several reports on behalf of 3D Systems showing that the reports filed by plaintiff's economic expert contained numerous fundamental errors, including a flawed analysis of the definition of the relevant economic market in which to analyze 3D Systems' practices. The U.S. District Court for the Northern District of Illinois, Eastern Division, granted summary judgment to 3D Systems in part on the basis that the relevant market was broader than stereo lithography. The U.S. Court of Appeals for the Federal Circuit affirmed the District Court's ruling. Professor Carlton and Chip Bamberger worked closely with lawyers from Jones Day, led by Michael Sennett and Paula Render.

Plan of Allocation for RMBS Settlement

Judge Katherine Forrest of the United States District Court for the Southern District of New York approved a settlement plan designed by Compass Lexecon Senior Consultant Professor Bradford Cornell to distribute the proceeds of a \$69 million settlement between Bank of America and investors in certificates issued in 50 RMBS Trusts where Bank of America had been the Trustee. Professor Cornell's plan reflected both his analysis of loss causation based on the cash flow waterfalls of the RMBS Trusts and differences in litigation risk relating to standing provided by our client, counsel for plaintiffs. In approving the plan, Judge Forrest found that it was fair and reasonable in all respects. Compass Lexecon was retained and worked closely with Sharan Nirmul of Kessler Topaz Meltzer & Check, LLP. Professor Cornell was supported by a team in Compass Lexecon's Chicago and New York offices that included Jerry Lumer and Chris Fiore.

Valeant Pharmaceuticals and Pershing Square v. Allergan Takeover Litigation

In April and May 2014, Valeant Pharmaceuticals ("Valeant") made various proposals to acquire Botox maker Allergan and in June 2014 Valeant launched a tender offer for Allergan shares. Entities related to Pershing Square Capital Management ("Pershing Square") and Valeant purchased approximately 10 percent of the outstanding shares of Valeant prior to the public announcement of various takeover proposals. Allergan subsequently accused Pershing Square of violating Rule 14e-3 of the federal securities laws by trading while in possession of material non-public information about a tender offer after Valeant had taken substantial steps towards launching its tender offer. Allergan sought an injunction that would have prevented Valeant and Pershing Square from voting their shares and proxies, thereby preventing the proposed transaction from moving forward. Compass Lexecon affiliate Professor Robert Daines submitted an expert declaration and testified at deposition that the activities undertaken by Valeant and

Pershing Square did not establish that Valeant's unsolicited merger proposal was a pretense in advance of a hostile tender offer. In November 2014, Judge David Carter of the U.S. District Court for the Central District of California Southern Division Santa Ana denied plaintiff's motion to enjoin Valeant and Pershing Square from voting their shares and proxies at the Allergan shareholder meeting. Professor Daines was supported by a Compass Lexecon team in our Chicago office including David Gross, Jonathan Polonsky and David Strahlberg. We worked closely with counsel from Kirkland & Ellis LLP, representing Pershing Square, including John Del Monaco and Michael Shipley and from Sullivan & Cromwell LLP, representing Valeant, including Brian Frawley and Edward Johnson.

In Re Jefferies Group, Inc. Shareholders Litigation

This case was a stockholder class action against certain members of the Board of Directors of Jefferies Group, Inc. ("Jefferies") and Leucadia National Corporation ("Leucadia"). Plaintiffs alleged that four conflicted members of the Jefferies Board breached their fiduciary duties while negotiating the sale of Jefferies to Leucadia in order to secure a deal that favored their own interests to the detriment of public shareholders, and that Leucadia aided and abetted those breaches. Compass Lexecon President Professor Daniel Fischel and Kevin Dages were retained as expert witnesses by the defendants. The case settled after expert reports were submitted and Mr. Dages was deposed. Professor Fischel and Mr. Dages were supported by George Hickey, Tim McAnally, Jonathan Polonsky and David Ross in Compass Lexecon's Chicago office. The defendants were represented by Joseph Allerhand and Seth Goodchild of Weil, Gotshal & Manges LLP; Collins Seitz, Jr., Bradley Aronstam and Anthony Rickey of Seitz Ross Aronstam & Moritz LLP; Brian Herman of Morgan Lewis & Bockius LLP; Gregory Varallo, Richard Rollo and Kevin Gallagher of Richards, Layton & Finger, PA; William Savitt and Bradley Wilson of Wachtell, Lipton, Rosen & Katz; and William Lafferty and Mac Measley of Morris, Nichols, Arsht & Tunnell LLP.

Activision Blizzard

This was a stockholder class and derivative action against certain current and former members of the Board of Directors of Activision Blizzard, Inc. ("Activision" or "the Company"), Activision's former majority stockholder Vivendi S.A. ("Vivendi"), and certain investment vehicles, ASAC II LP ("ASAC") and ASAC II LLC ("ASAC GP"), created by the Company's long-time Chief Executive Officer and Director, Robert A. Kotick, and the Company's Co-Chairman, Brian G. Kelly, concerning Activision's repurchase of shares from Vivendi and sale of shares to ASAC. Plaintiffs alleged that defendants abused their authority and made improper threats in aid of an \$8.2 billion transaction that served their mutual interests but deprived Activision's stockholders of the valuable opportunity to repurchase control of the Company and deprived Activision of wealth that Kotick and Kelly captured for themselves. Compass Lexecon President Professor Daniel Fischel was retained as an expert by all of the defendants; Compass Lexecon affiliate Professor Kenneth Lehn was retained as an expert by Vivendi, and Compass Lexecon Senior Consultant Professor Bradford Cornell was retained as a rebuttal expert by Kotick and Kelly. Vivendi was represented by Michael Farhang and others of Gibson, Dunn & Crutcher LLP; the ASAC defendants were represented by Bob Sacks, Bill Wagener and Diane McGimsey of Sullivan & Cromwell LLP; Activision was represented by Ed Welch, Ed Michelletti and others of Skadden, Arps, Slate, Meagher & Flom LLP; and the Special Committee was represented by Bill Savitt and others of Wachtell, Lipton, Rosen & Katz. The

parties entered into a settlement agreement after expert depositions were completed and prior to trial. Professor Fischel was supported by David Ross, Jonathan Polonsky and others in Compass Lexecon's Chicago office. Professor Lehn was supported by Ralph Scholten in our Washington D.C. office, and Rahul Sekhar and others in our Chicago office. Professor Cornell was supported by Peter Clayburgh, James Tam, May Huang and others in our Pasadena office.

Proposed Merger of Exelon Corporation and Pepco Holdings Inc.

Exelon Corporation, parent of Baltimore Gas and Electric Company, PECO Energy Company (in Pennsylvania) and Commonwealth Edison Company (in Illinois), proposed to acquire Pepco Holdings Inc., parent of Delmarva Power & Light Company (with service in Delaware, Maryland, and Virginia) and Potomac Electric Power Company (serving Washington, D.C. and portions of Maryland). Compass Lexecon and its Senior Consultant Professor Robert Willig were engaged by Skadden, Arps, Slate, Meagher & Flom LLP to assist the parties in analyzing the competition issues raised by the proposed merger, which required clearance under Hart-Scott-Rodino ("HSR") and approval by certain states, the District of Columbia and the FERC. Working with a Compass Lexecon team including Joe Cavicchi and David Molin and other consultants, Professor Willig presented his findings that the facts are inconsistent with any concerns about vertical or horizontal competitive effects to the Department of Justice ("DOJ"). The DOJ allowed the HSR review period to expire, so that the HSR Act no longer precludes completion of the merger. Professor Willig, supported by the same team, provided written and oral testimony to the Maryland Public Service Commission in response to claims by their expert that the proposed merger would harm competition by establishing Exelon as the dominant company in the retail distribution of electric power in Maryland, and by eliminating "across the fence" or "benchmark" competition in Maryland. Professor Willig showed that the opposing expert did not demonstrate any competitive harm that would result from the merger. The Maryland Public Service Commission approved the merger, stating "[w]e find that the proposed merger, as conditioned by this Order, is consistent with the broader public interest, will bring specific and measurable benefits and no harm to ratepayers." Compass Lexecon worked with Matt Estes, John Lyons, Mike Naeve and Steven Sunshine of Skadden, Arps, Slate, Meagher & Flom LLP and also with William DuBois from Venable LLP in the Maryland proceedings.

Dorothy Askenazy & Others vs. Tremont Group Holdings, Inc. & Others

Plaintiffs in this case sought to recover millions of dollars they lost from investments in two hedge funds whose assets were invested almost exclusively with Bernard Madoff and his investment advisory firm, which collapsed when the Madoff Ponzi scheme was revealed in 2008. Plaintiffs alleged that the hedge funds' auditor, KPMG, did not perform its audits in accordance with Generally Accepted Accounting Principles ("GAAP") and should therefore not have issued unqualified audit opinions for the hedge funds in the years leading up to the collapse of Madoff. Compass Lexecon experts, David Ross and Ralph Scholten were retained by counsel for KPMG to rebut plaintiffs' claims concerning loss causation and damages. After expert reports were submitted, the Court granted KPMG's motion for summary judgment and dismissed all counts against KPMG with prejudice. Mr. Ross and Mr. Scholten were supported by Narsid Golic and others in Compass Lexecon's Chicago office. KPMG was represented by John Villa, Jonathan Pahl and David Forkner of Williams & Connolly LLP.

Mylan Pharmaceuticals, Inc. v. Warner Chilcott, PLC, et al.

Compass Lexecon was retained by counsel for Warner Chilcott in the Doryx Antitrust Litigation, which involved monopolization and attempted monopolization claims brought by a direct purchasers class, an indirect purchasers class, individual retailers, and Mylan Pharmaceuticals (“Mylan”). Warner Chilcott distributes and promotes branded Doryx in the United States under a license agreement with Mayne Pharmaceuticals (“Mayne”). Mylan manufactures generic Doryx. Plaintiffs alleged that Warner Chilcott and Mayne sought to protect their monopoly through “product hopping”, the practice of changing the drug in ways that provide no significant improvement, but prevent pharmacists from automatically substituting generic equivalents. Previously, defendants entered into modest settlements with direct purchasers, indirect purchasers, and retailer plaintiffs, leaving Mylan as the only plaintiff. In April 2015, the Court granted defendants’ motion for summary judgment, ruling that there was no “economically plausible evidence to prove that defendants hold monopoly power in the relevant market,” and that “Defendants did not exclude competition when they reformulated Doryx, introduced new versions of Doryx, and withdrew old versions.” Compass Lexecon experts in this litigation were Janusz Ordover on class certification issues, Dennis Carlton on liability issues, and Fredrick Flyer on damages. The Compass Lexecon team included Jay Ezrielev, Deborah Healy, Lynette Neumann, Paolo Ramezzana, Bradley Reiff and Heather Spang in our Chicago and Washington D.C. offices. Compass Lexecon worked with Mark Gidley and Jack Pace of White & Case LLP.

Dispute Over Unfair Treatment of Investors in Buenos Aires Water Concession

Claimants in two matters retained Dr. Manuel Abdala and Professor Pablo Spiller to provide expert advice and testimony on the economic impact of several measures resulting in the total loss of their investments in Aguas Argentinas S.A., the concessionaire for water distribution and waste water treatment services in the City of Buenos Aires, Argentina. The dispute originated in early 2002 when Argentina refused to adjust Aguas Argentinas’ tariffs, contrary to contractual rights which called for tariff modifications following the alteration of the Argentine Peso-U.S. Dollar parity. Compass Lexecon experts provided an economic perspective as to how the concession contract should have been renegotiated and how tariffs should have been set, in the absence of Argentina’s breach. Compass Lexecon’s experts also opined that the environmental counterclaims raised by respondent could not be attributed to the concessionaire since there was a lack of causality and the methodology did not conform to standard economic principles. Over the course of the 12-year arbitration proceeding, Compass Lexecon experts submitted numerous reports and presented oral testimony in two hearings. The \$405 million award granted claimants compensation for losses on their equity stakes and on their contributions in the form of debt guarantees. Claimant Suez was also granted damages due to lost management fees, which were deemed to be an integral part of its investment in the water concession. According to the Global Arbitration Review, this is the largest single damages award against Argentina to date. Compass Lexecon experts Dr. Manuel Abdala and Professor Pablo Spiller provided testimony on regulatory and quantum matters, and Mariana Conte Grand, on environmental issues; the three experts were assisted by a Compass Lexecon team led by Daniela Bambaci and Sebastian Zuccon. Other team members included Carla Chavich, Miguel Nakhle and Erica Hoffmaster. Compass Lexecon worked with a legal team led by Nigel Blackaby, Noiana Marigo and Lluís Paradell of Freshfields Bruckhaus Deringer LLP, Bernardo Iriberry of Richards Cardinal Tützer Zabala & Zaefferer S.C., and Julio Durand of Cassagne Abogados.

Japanese Freight Forwarders Mediation

Beginning in 2001, freight forwarders – companies that arrange for the shipping of goods by air, sea or land – were assessed certain surcharges by air carriers, including fuel and security surcharges. Japanese freight forwarders, among others, were alleged to have reached an illegal agreement, or series of agreements, to pass through these surcharges to their customers. Plaintiffs brought a class action complaint seeking treble damages in part based on an alleged pricing overcharge resulting from the alleged agreement to pass through surcharges in the shipping of goods from Japan to the United States. Compass Lexecon was retained by nine Japanese freight forwarders to analyze damages. In July 2014, the parties conducted a mediation during which Dennis Carlton presented Compass Lexecon’s analysis that demonstrated, among other things, that (1) an alleged conspiracy on components of price does not translate into a pricing overcharge; (2) even absent an alleged conspiracy, there would be substantial pass-through of cost increases; and (3) empirical evidence does not support a finding of a significant positive overcharge. Following the mediation, plaintiffs and the Japanese defendants reached a settlement consistent with Compass Lexecon’s empirical analysis of damage. The Compass Lexecon team included Dzmityr Asinski, Lynette Neumann, Wendy Petropoulos and Bradley Reiff. Compass Lexecon was retained by nine law firms, representing the nine Japanese freight forwarder defendants – Baker & Hostetler LLP; Davis Polk & Wardwell LLP; Gibson, Dunn & Crutcher LLP; Nixon Peabody LLP; Mound Cotton Wollan & Greengrass LLP; Skadden, Arps, Slate, Meagher & Flom LLP; Squire, Sanders & Dempsey LLP; and Wilmer Cutler Pickering Hale & Dorr LLP.

Hutchison 3G / Telefónica Ireland Merger

In May 2014, the European Commission cleared the acquisition by Hutchison 3G of Telefónica Ireland, subject to remedies, after a phase-II investigation. The transaction combined two of the four mobile communications network operators (“MNOs”) in the Irish market. The remedies concerned commitments to (i) ensure entry of two mobile virtual network operators with an option for one of them to become a full MNO by acquiring spectrum from the merged entity; and (ii) the continuation of a network sharing agreement originally in place between Telefónica Ireland and Eircom, on improved terms for the latter. A Compass Lexecon team including Jorge Padilla, Thilo Klein, Nadine Watson, Elena Zoido and Stefano Trento supported Hutchison 3G and its legal advisers. Compass Lexecon submitted a number of economic analyses to the Commission, including a price concentration study, critical assessments of the Commission’s merger simulation analyses, and several analyses assessing the efficiencies of the merger (e.g. investment incentives, faster roll-out of 4G services). Compass Lexecon worked with Thomas Wessely and Sascha Schubert of Freshfields Bruckhaus Deringer LLP.

Regional Multiple Listing Service of Minnesota, Inc. v. American Home Realty Network, Inc.

Regional Multiple Listing Service of Minnesota (“RMLS”), also known as NorthstarMLS, sued American Home Realty Network (“AHRN”) for copyright infringement for alleged unauthorized copying of images of homes listed on the RMLS. AHRN then filed an antitrust counterclaim against RMLS, Edina Realty, Inc. and Homeservices of America, Inc., alleging that the copyright claims constituted sham litigation under Sherman Act § 1. The

antitrust counterclaim co-defendants retained Compass Lexecon to address liability and damages from the antitrust claims. Compass Lexecon's Bradley Reiff filed expert reports and testified in deposition on these issues. On October 14, 2014, the Court granted summary judgment in favor of defendants on AHRN's antitrust counterclaims. Dr. Reiff was assisted by Wendy Petropoulos. Compass Lexecon worked closely with Richard Duncan of Faegre Baker Daniels LLP, and Stanford Hill and Jeffrey Mulder of Bassford Remele, PA.

Numericable Acquisition of SFR

In October 2014, the French Competition Authority ("FCA") cleared the acquisition of SFR by Numericable, a subsidiary of Altice group, subject to remedies. The transaction combined the second largest mobile and broadband services operator in France, SFR, with the main French cable operator. The clearance followed an in-depth investigation during which the FCA issued a report expressing its concerns about the effects of the transaction on competition. Compass Lexecon's Valérie Meunier, Jorge Padilla and Antoine Victoria supported Numericable and SFR and their legal advisers, Julie Catala-Marty of Bird & Bird and Jérôme Michel of Franklin Société d'avocats. During the review process, Compass Lexecon submitted several papers to the FCA, assessing, among other things, the FCA's analyses of (i) the impact of the transaction on the markets for broadband services, in particular on the segment for superfast broadband services, (ii) the closeness of competition of the parties' broadband services in overseas departments, and (iii) bidding data on the market for communication services for business customers. Numericable offered remedies to address the FCA's concerns. In particular, to address concerns regarding the superfast broadband segment, Numericable offered to provide wholesale access to its cable network, with a bitstream offer available to rival Internet access providers.

Third Point vs. Sotheby's Proxy Fight

Citing alleged problems with Sotheby's business strategy and governance, Daniel Loeb and Third Point LLC launched a proxy fight to obtain three seats on Sotheby's board of directors. Third Point sought to purchase additional shares of Sotheby's in the contest but was restricted from doing so by a low-threshold poison pill adopted by Sotheby's board that discriminated between active and passive investors. Third Point then sought a preliminary injunction from the Delaware Chancery Court seeking to postpone the shareholder vote until a trial could be held on the validity of the poison pill. Compass Lexecon was retained by William Lafferty of Morris, Nichols, Arsht & Tunnell LLP, Tariq Mundiya of Willkie Farr & Gallagher LLP, and Tibor Nagy of Dontzin Nagy & Fleissig LLP on behalf of their client, Third Point, to analyze the adverse impact of the poison pill on the likelihood Third Point would succeed in its proxy contest (and thus, suffer irreparable harm) as well as the likely impact of Third Point's proxy contest on Sotheby's shareholders. Compass Lexecon's President Professor Daniel Fischel submitted two expert reports and testified by deposition. The Court denied the preliminary injunction on the merits, but relied heavily on Professor Fischel's empirical analysis of data on proxy vote outcomes in determining that the poison pill would cause irreparable harm to Third Point. After the preliminary injunction hearing, Sotheby's settled with Third Point, with Third Point receiving three seats on Sotheby's board, an allowance to purchase more than 50% more shares than it previously owned, and reimbursement of \$10 million for its expenses. Widespread press coverage attributed the favorable settlement to evidence brought out by Third Point's counsel at the hearing demonstrating that a number of Sotheby's directors shared Loeb's

concerns about Sotheby's business strategy and governance. Professor Fischel was supported by a team from the Compass Lexecon Chicago office including David Ross, Todd Kendall, Greg Pelnar, Jonathan Polonsky, Anne Marie Yale and David Strahlberg.

Hill-Rom Company, Inc., et al. v. General Electric Company

Hill-Rom has patents on its Hand Hygiene Compliance Solution system, a system that utilizes badge locating technology to automatically and continuously monitor hand-hygiene stations used to help mitigate acquired infections in healthcare facilities. General Electric sells similar technology that Hill-Rom alleged infringes Hill-Rom's patents. Hill-Rom sought a preliminary injunction and retained Compass Lexecon's Bradley Reiff to file expert declarations on the question of whether Hill-Rom would suffer irreparable injury absent a preliminary injunction. Although the Court did not grant the preliminary injunction, it set a trial date within months of its preliminary injunction decision, which had the effect of expediting adjudication of Hill-Rom's patent claims. In August 2014, the parties reached a settlement in which Hill-Rom agreed to license its hand hygiene patents to General Electric, and General Electric agreed to no longer contest that Hill-Rom's patents are valid and enforceable. Heather Spang assisted Dr. Reiff. Compass Lexecon worked closely with Stephen Hankins, Stacie Hartman and Amy Rubenstein of Schiff Hardin LLP.

Port Authority User Fee Controversy

In this case, nine foreign ocean carriers challenged a user fee provision that was instituted by the Port Authority of New York and New Jersey in 2011 to recoup the costs of an on dock rail system and various other expenditures. Compass Lexecon was retained by Richard Rothman and Peter Isakoff of Weil, Gotshal & Manges LLP on behalf of their client, the Port Authority, to analyze the economic effects of the user fee. Compass Lexecon economists Rick Flyer and Allan Champagne submitted a report which concluded that the complaining parties did in fact benefit from the projects including the rail system related to the user fee. Ultimately, the Federal Maritime Commission unanimously affirmed an early decision by an Administrative Law Judge in favor of the Port Authority and upheld the user fee.

China Integrated Energy Securities Fraud Litigation

In this case, plaintiffs sought to represent a class of investors who purchased common stock in China Integrated Energy during the class period. Plaintiffs claimed that China Integrated Energy overstated its revenue and net income in its reported financial results and sued the company, some of its officers and directors, and its independent auditor. Plaintiffs also claimed that defendants prepared two sets of financial statements – an accurate set filed with Chinese regulators, and a false and misleading set filed with the U.S. Securities Exchange Commission. Plaintiffs further asserted that they were entitled to a rebuttable presumption of reliance based on the “fraud-on-the-market” theory and their assertion that China Integrated Energy traded in an efficient market. Compass Lexecon expert Dr. Andrew (Drew) Roper was retained by defendants at the class certification stage to analyze whether plaintiffs experts' opinions relied on commonly accepted economic methods. Dr. Roper testified that plaintiffs experts' analyses did not meet the requisite standard and were fundamentally flawed for several reasons. In August 2014, a federal court denied plaintiffs' motion to certify a class, siding with defendants and citing Dr. Roper favorably stating, “From his background and experience, it is evident to the Court that Roper is

well qualified to opine on event studies, market efficiency, and the proper methods for conducting an event study.” As part of the August 2014 order, the court excluded the testimony of two plaintiffs’ experts Dr. Roper had criticized. Plaintiffs subsequently renewed their motion for class certification, offered a new expert, and the court certified a class. Defendants were represented by Peter Buckley, Joshua Horn, Christine Soares, and others of Fox Rothschild LLP, and Eugene Licker and others of Loeb & Loeb LLP.

Attorney’s Fee Dispute Involving Simon Property Group LTIP

Plaintiffs in this case accused Simon Property Group of improperly awarding one million Long Term Incentive Performance (“LTIP”) units without shareholder approval. During the course of the litigation, the company canceled the original award and issued an amended LTIP grant in which the vesting of the LTIP units was conditional on certain performance hurdles being reached. Plaintiffs’ counsel then moved for attorney’s fees to be awarded based on an expert’s analysis of the difference in value between the original award and the amended award. Compass Lexecon and our affiliate Harvard Professor Allen Ferrell were retained by the defendant to analyze the value differential between the original LTIP grant and the amended LTIP grant. Professor Ferrell opined that the plaintiffs’ expert failed to properly model the vesting conditions, and also used an inappropriate measure of volatility influenced by the financial crisis. As a result, Professor Ferrell demonstrated that plaintiffs’ expert overstated the true value saved by the amended award. The Court agreed and found that “plaintiffs’ expert made erroneous assumptions and used incorrect information in his calculations.” The Court awarded attorney’s fees based on Professor Ferrell’s calculations that were approximately 10% of the initial demand. Compass Lexecon worked with Dan Leffell of Paul, Weiss, Riffkind, Wharton & Garrison LLP. Professor Ferrell was supported by a team in Compass Lexecon’s New York office.

Rochester General Health System and Unity Health System Transaction

A Compass Lexecon team led by Meg Guerin-Calvert and Susan Manning was retained by counsel for both parties to conduct an economic/empirical assessment of the antitrust risks and benefits of this proposed merger of two of three health systems in the greater Rochester area. Raymond Jacobsen, Jr., Jeffrey Brennan and Daniel Powers of McDermott Will & Emery were counsel to both parties. Compass Lexecon evaluated relevant product and geographic markets for hospital, outpatient, physician and other services, including analysis of patient discharge and other data; evaluated the potential competitive effects on commercial (and other) payers and consumers; and evaluated the potential merger-specific benefits. This work involved assessment of recent past events in the marketplace (e.g., closure of some hospital and other facilities, role of the business community in healthcare), and involved requisite analyses of potential contracting and pricing implications. Compass Lexecon’s work included on-site visits and participation throughout the review process with state and federal agencies. The transaction was cleared by the FTC in May 2014.

Taxation Dispute Between YUM! Brands Inc. and the IRS

Compass Lexecon and Senior Consultant Professor Robert Willig were retained by outside counsel for YUM! Brands to assist with analysis of IRS valuations of international

intangible assets that were important for taxation issues. Professor Willig worked with a Compass Lexecon team led by Glenn Mitchell and Rajiv Gokhale to analyze methods for the valuation of the intangibles potentially subject to transfer pricing and respond to a report and value estimate presented by the IRS's expert. The dispute was favorably settled for an amount that was covered by previous reserves. We worked with Jim Lynch and Lou Weber of Winston & Strawn LLP, as well as Bill Schmalzl and Peter Price of Mayer Brown LLP.

HONORS, APPOINTMENTS, PRESENTATIONS & PUBLICATIONS

- Manuel Abdala participated as Guest Lecturer at the DISETTLE Summer Program on “Damages in State-Investor Arbitrations” at the Graduate Institute of Geneva, Switzerland, June 2014. DISETTLE is short for “Dispute Settlement in Trade: Training in Law and Economics” and is a *Marie Curie Initial Training Network* (ITN) funded under the EU's Seventh Framework Programme, which trains and supports academic researchers at an early stage of their careers. The five participating universities are The Graduate Institute of International and Development Studies (Geneva), University of Warsaw (Poland), Université Libre de Bruxelles (Brussels), Bocconi University (Milan), and St. Gallen University (Switzerland). Abdala also gave a conference presentation at the Graduate Institute of International Studies and Development, “A Tale of Two Yukos' Damages Award: RostInvestco and Quasar,” Geneva, Switzerland, June 2014.
- Amy Affelt authored a book, *The Accidental Data Scientist: Big Data Applications and Opportunities for Librarians and Information Professionals*, Information Today, Inc., 2015. The book discusses emerging tools, techniques, and vocabulary, explains how to create mission-critical Big Data research deliverables, and shows how to leverage and transfer existing skills to new opportunities in data science. Affelt also published “Acting on Big Data: A Data Scientist Role for Info Pros,” *Online Searcher Magazine*, September 2014, and gave three presentations: “The Accidental Data Scientist: A New Role for Librarians and Information Professionals,” at the Annual Conference of the Special Libraries Association, Vancouver, BC, Canada, June 2014, and “Using Twitter for Business Research,” and “Big Data: A New Role for Information Professionals,” at the Internet Librarian Conference, Monterey, CA., October 2014.
- Dennis Carlton was designated the 2014 Distinguished Fellow of the Industrial Organization Society and gave the Keynote Address at the International Industrial Organization Conference in Boston, April 2014.
- Dennis Carlton and Allan Shampine published, “Patent Litigation, Standard Setting Organizations, Antitrust and FRAND,” *University of Texas Intellectual Property Law Journal*, 2014 and “Identifying Benchmarks for Applying Non-Discrimination in FRAND,” *Competition Policy International, CPI Antitrust Chronicle*, August 2014.
- Carlton, Mary Coleman and Mark Israel published “Buyer Power in Merger Review,” in *The Oxford Handbook of International Antitrust Economics*, January 2015.
- Carlton and Bryan Keating published “Antitrust, Transaction Costs and Merger Simulation with Non-linear Pricing,” *Journal of Law and Economics*, 2015 and “Rethinking antitrust in

the presence of transaction costs: Coasian Implications,” *Review of Industrial Organization*, 2015.

- Carlton also published “Competition Policy and Regulation in Credit Card Markets: Insights from Single-sided Market Analysis,” (with Ralph Winter), *Competition Policy International*, 2014, “Robert Bork’s Contributions to Antitrust Perspectives on Tying Behavior,” (with Michael Waldman), *Journal of Law & Economics*, August 2014 and “Antitrust and Regulation,” (with Randal Picker), *Economics of Deregulation*, NBER, 2014.
- A. Joseph Cavicchi presented “The Polar Vortex: Implications for Improving the Efficiency of Wholesale Electricity Spot Market Pricing” at the Electric Power Supply Association, March 2014.
- Andrés Chamboleyron presented “Expropriation Risk in Public Utilities and the Cost of Capital,” at the first Convention of Buenos Aires’s Council of Economic Sciences, August 2014.
- Carla Chavich published “An Overview of Project Finance and Infrastructure Finance 2014 Update” (with Benjamin C. Esty and Aldo Sesia,) *Harvard Business School Background Note* 214-083, June 2014. (Revised July 2014.)
- Professor Bradford Cornell was awarded a Bernstein Fabozzi/Jacobs Levy Award for Outstanding Article in *The Journal of Portfolio Management*, for his article “Tesla: Anatomy of a Run-Up,” (with Aswath Damodaran), February 2015. The article evaluates the steep run-up in the price of Tesla stock between March 2013 and February 2014, and analyzes the role investor sentiment played. This is the second time Professor Cornell has won a Bernstein Fabozzi/Jacobs Levy Outstanding Article Award. The article can be viewed at <http://www.ijournals.com/doi/abs/10.3905/jpm.2014.41.1.139>.
- Chris Culp presented “The Social Benefits of Derivatives,” at the 29th Annual General Meeting of the International Swaps and Derivatives Association in Munich, April 2014; “After-Dinner Comments,” at the 30th Anniversary Annual Dinner of the Competitive Enterprise Institute in Washington, D.C., June 2014; “Structured Finance: Will There Be a Revival?” at the Swiss Finance Institute Evening Seminar in Zürich, July 2014; “Fellow Customer Risk,” at the Futures Industry Association/Institute for Financial Markets – Markets Academy Customer Series in Chicago, September 2014; “Dodd-Frank, Derivatives and Structured Finance (Panelist),” at the SEC Historical Society - The Experts Forum: FTI Consulting and Compass Lexecon in Washington, D.C., November 2014 and “Credit Derivatives and Synthetic Default Protection,” at Northwestern University School of Law – Guest Lecture to “Derivatives: Uses, Abuses, and Regulation” Class in Chicago, December 2014.
- Chris Culp authored “Option-Based Credit Spreads” (with Yoshio Nozawa and Pietro Veronesi), *NBER Working Paper No. 20776*, December 2014 and “Interest Rate Derivatives Products and Market Activity under the New Regulatory Framework,” *Handbook of Fixed-Income Securities*, 2015.

- Santiago Dellepiane was a panelist at a conference on “Damages Assessment in Investment Disputes” hosted by the Club Español de Arbitraje (CEA) in November 2014; in April 2014 he participated in a panel on matters of evidence at the XXIIInd Congress of the International Council for Commercial Arbitration (ICCA) in Miami and also was a panelist in the launch of the 2015 Expert Rules of the International Chamber of Commerce (ICC) in New York City in January 2015.
- Santiago Dellepiane, Lucía Quesada and Pablo T. Spiller authored “A Primer on Damages Assessment: Towards a framework for fair compensation,” prepared for the 22nd ICCA Conference, April 2014.
- Meg Guerin-Calvert published, “Competitive Effects Analyses of Hospital Mergers: Are We Keeping Pace with Dynamic Healthcare Markets?,” *Antitrust Bulletin*, Fall 2014. Guerin-Calvert presented “Public Health, Public Policy, and the Law: Organizational Change in Healthcare” at Summer Institute on Health Policy, RWJF Center for Health Policy at Meharry Medical College, June 2014 and “Issues in Consolidation—Industry Perspectives” at AHLA/ABA 2014 Antitrust in Health Care, May 2014.
- Israel was a panelist for, “How the Antitrust Agencies and the FCC are Likely to Analyze Vertical Mergers” at the Federal Communications Bar Association, Washington, D.C., November 2014; “Consolidation of the Telecoms Industry in the EU and the US” at the Compass Lexecon Competition Policy Forum, Lake Como Italy, October 2014; and “Merger Analysis – A sudden shift in approach by DOJ in the American Airlines and US Airways merger” at the IATA Legal Symposium 2014, Aviation Law: Upfront and Center, San Francisco, CA, February 2014; and Mark was Panel Chair for “Round Table Discussion on Use of Economics and Economists” at the Coca Cola Company Global Antitrust Forum, Singapore, November 2014.
- Ben Klein continued as a Contributing Editor for the *Antitrust Law Journal*; published “The Evolving Law and Economics of Resale Price Maintenance,” for a special issue on Robert Bork in *The Journal of Law and Economics*, 2014; and published “Resale Price Maintenance of Online Retailing,” for the *Oxford Handbook of International Antitrust Economics*, 2014. Klein was a panelist at the June 2014 FTC/DOJ Joint Agency Workshop on Conditional Pricing Practices, presenting “The Economics of Alternative Legal Standards for Loyalty Discounts,” as well as presenting “Restrictive Practices in Retailing and Distribution,” at the Los Angeles County Bar Antitrust and Unfair Business Practices Section in April 2014.
- Darin Lee published “What’s Your Number? Interpreting the ‘Fair and Equitable’ Standard in Seniority Integration for Airlines and Other Industries,” (with Ethan Singer), *Economics of Transportation*, March 2014 and “City-Pairs Versus Airport-Pairs: A Market-Definition Methodology For The Airline Industry,” (with Jan Brueckner and Ethan Singer), *Review of Industrial Organization*, February 2014.
- Pablo Lopez Zadicoff participated in the panel “Awarding Damages: Proportionality, Contributory Fault, and Arbitral Tribunals’ Discretion or Toss of a Coin?” at the Eighth Annual Investment Treaty Arbitration Conference, Washington D.C., March 2014. Lopez Zadicoff prepared the white paper “The Wal-Mart guide to pricing Luxury” which was

distributed among participants of the Luxury industry conference “Luxury Interactive ” in New York, October 2014.

- Maya Meidan presented her award winning paper “The Heterogeneous Effects of Trade Protection: A Study of US Antidumping Duties on Portland Cement,” at the 12th International Industrial Organization Conference, April 2014.
- Boaz Moselle published “The role of the expert in price review arbitrations” in *Gas Price Arbitrations: A Practical Handbook*, February 2014.
- Miguel Nakhle was a guest speaker in a panel on international arbitration in the energy industry, hosted by ICC’s Young Arbitrators Forum and held in Houston in October 2014 and he was a panelist on expert testimony and quantum issues at a seminar hosted by the Mexican Construction Industry Chamber in Mexico City, November 2014.
- Janusz Ordover and Allan Shampine, published “Implementing the FRAND Commitment,” *Antitrust Source*, American Bar Association, October 2014.
- Ordover participated on several panels including Merger Enforcement and Policy at the Georgetown Global Antitrust Enforcement symposium in Washington, D.C., September 2014; EU Damages Directive at the International Bar Association in Florence Italy, September 2014; Merger Control and Minority Interests - Is the Gap Worth Filling?, Global Competition Review, New York, September 2014 and Antitrust and Financial Services at the 41st Annual Conference on Antitrust Law and Policy in New York, September 2014.
- Eugene Orlov published “Internet Penetration and Capacity Utilization in the US Airline Industry” (with James Dana), *American Economic Journal: Microeconomics*, 2014. Orlov also presented the paper “The Effect of the Internet on Product Quality in the Airline Industry” (with Itai Ater) at the Networks, Electronic Commerce and Telecommunications Institute Conference in Berkeley, California, May 2014.
- Jon Orszag advised the Prime Minister of The Bahamas on tax reform issues and published a paper with David Kamin, a professor at NYU, entitled “Tax Reform in The Bahamas: An Evaluation of Proposed Options.”
- Dan Rubinfeld and James Ratliff published “Measuring Benchmark Damages in Antitrust,” (with Justin McCrary), *Journal of Econometric Methods*, January 2014 and “Is There a Market for Organic Search Engine Results and Can Their Manipulation Give Rise to Antitrust Liability,” *Journal of Competition Law and Economics*, May 2014.
- Marcelo Schoeters participated in several panels including “The Role of the Evidence in the Arbitration Process” VIII Congreso Latinoamericano de Arbitraje, Instituto Peruano de Arbitraje, Lima, Peru, April 2014; a panel on damages assessments in construction industry arbitration for the Seminario para Peritos sobre Mecanismos de Solución de Controversias en Disputas de Construcción, Centro de Solución de Disputas, Panama City, May 2014 and a panel on “Case Management and Practical Aspects of ICC arbitration,” at the ICC seminar on New Trends of Mediation and Arbitration in Buenos Aires, October 2014.

- Marcelo Schoeters and Sebastian Zuccon were designated as Members of the Board of *Sociedad Jurídica*, published in Lima, Peru.
- Pablo T. Spiller presented his paper ‘Rigidity of Public Contracts’ at various conferences including: ISNIE 2014 Annual Conference at Duke University, June 2014; NBER Law & Economics meetings at Cambridge, July 2014; Empirical Legal Studies 2014 Annual Conference, at University of California, Berkeley, November 2014 and NBER Organizational Economics meetings at Stanford University, November 2014.
- Spiller published “The impact of consumer advocates on regulatory policy in the electric utility sector,” (with Adam R. Fremeth and Guy L.F. Holburn,) *Public Choice*, October 2014 and “Third-Party Opportunism and the Theory of Public Contracts: Operationalization and Applications,” (with Marian Moszoro), in Eric Brousseau and Jean-Michel Glachant, *The Manufacturing of Markets: Legal, Political and Economic Dynamics*, May 2014.
- Spiller and Santiago Dellepiane contributed Chapter 6, Valuation of Damages, to the book *Damages in International Arbitration Under Complex Long-Term Contracts*, February 2014.
- David Weiskopf presented “A Primer on Market Definition” at the Economics Fundamentals Session of the 62nd Antitrust Law Spring Meeting in Washington D.C., March 2014.
- Weiskopf and Bo Bourke published “Customer-Focused Competitive Effects Analysis and the Role of Transportation Costs” in the ABA Antitrust Section’s Transportation, Energy & Antitrust newsletter, Fall 2014.
- Robert Willig published “Unilateral Competitive Effects” (with Bryan Keating), in *The Oxford Handbook on International Antitrust Economics*, December 2014 and “Activating Actavis: A More Complete Story” (with Barry C. Harris, Kevin M. Murphy, and Matthew B. Wright), *Antitrust*, Spring 2014.
- Sebastian Zuccon participated in a panel on “Consistency and independence of expert reports in international arbitration,” AAA- International Centre for Dispute Resolution (ICDR), Buenos Aires, Argentina, October 2014.

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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